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THE
COUNCIL OF STATE DEBATES

VOLUME I, 1933

(16th February to 15th April, 1933)

FIFTH SESSION

OF THE

THIRD COUNCIL OF STATE, 1933



PUBLISHED BY MANAGER OF PUBLICATIONS, DELHI
PRINTED BY THE MANAGER, GOVERNMENT OF INDIA PRESS, NEW DELHI.
1933.



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Council of State.

President :

THE HONOURABLE SIR MANECKJI DADABHOY, K.C.I.E., KT., BAR.-AT-LAW.

Panel of Chairmen :

THE HONOURABLE MR. E. MÜLLER, J. P.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI, C.I.E.

THE HONOURABLE NAWAB MALIK MOHAMMAD HAYAT KHAN NOON, C.S.I.

THE HONOURABLE MR. H. M. MEHTA, J. P.

Secretaries :

MR. G. H. SPENCE, C.I.E., I.C.S. (*Up to 6th April, 1933.*)

MR. J. BARTLEY; (*From 7th April, 1933.*)

Assistants of the Secretary :

RAI BAHADUR A. L. BANERJEE.

MR. A. W. CHICK.

Committee on Petitions :

THE HONOURABLE MR. G. A. NATESAN, *Chairman.*

THE HONOURABLE RAJA CHARANJIT SINGH.

THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ !

THE HONOURABLE SIR DAVID DEVADOSS, KT.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK.

} *Members*

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THE
COUNCIL OF STATE DEBATES
(OFFICIAL REPORT OF THE FIFTH SESSION OF THE THIRD
COUNCIL OF STATE.)

VOLUME I—1933.

COUNCIL OF STATE.

Thursday, 16th February, 1933.

The Council met in the Council Chamber of the Council House in New Delhi at Eleven of the Clock, being the first day of the Fifth Session of the Third Council of State, pursuant to section 63D (2) of the Government of India Act. The Honourable the President (the Honourable Sir Maneckji Dadabhoy, K.C.I.E., Kt., Bar.-at-Law) was in the Chair.

MEMBERS SWORN :

The Honourable Sir Guthrie Russell, Kt. (Chief Commissioner of Railways).
The Honourable Sir Charles Watson, K.C.I.E., C.S.I. (Political Secretary).
The Honourable Khan Bahadur Sheikh Maqbul Husain, C.I.E. (United Provinces : Nominated Non-Official).
The Honourable Maharajadhiraja Sir Kameshwar Singh, K.C.I.E., of Darbhanga (Bihar and Orissa : Nominated Non-Official).
The Honourable Mr. James Braid Taylor, C.I.E. (Finance Secretary).

NOTIFICATION OF THE APPOINTMENT OF THE HONOURABLE
SIR MANECKJI DADABHOY AS PRESIDENT OF THE COUNCIL
OF STATE.

THE HONOURABLE THE PRESIDENT: Honourable Members, in conformity with the previous practice, I will ask the Secretary to read the Notification of my appointment as President of the Council of State.

SECRETARY OF THE COUNCIL: Notification of the Government of India in the Legislative Department, No. F. 395/32-C. & G., dated the 21st December, 1932 :

"In exercise of the power conferred by sub-section (2) of section 63A of the Government of India Act, the Governor General is pleased to appoint the Honourable Sir Maneckji Byramji Dadabhoy, K.C.I.E., Kt., being a Member of the Council of State, to be President of the said Council of State."

CONGRATULATIONS TO THE HONOURABLE THE PRESIDENT.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House): Sir, may I on behalf of the House tender you most hearty congratulations on your being the first non-official President of this House? This is in the history of this House an epoch-making event and it is, Sir, as I shall presently show, a fitting recognition of your career—a career devoted to public service which has extended over very nearly half a century. It was, Sir, in 1887 that you were called to the Bar and on returning to Bombay resumed practice there and soon felt that your energies needed some outlet other than your professional work and you began with being a member of the Bombay Corporation in 1888. When you, two years later, moved from Bombay to the Central Provinces you soon rose in your professional circle and were appointed Government Advocate. You were not satisfied with your professional work only. You extended your legal efforts to writing commentaries on most interesting subjects like Land laws and Tenancy laws. I have no doubt, Sir, you found them interesting but not possibly as remunerative as the next goal of your efforts—industrial enterprise. You believed not in talking but in working, not in laying down the law but in showing actually by results what can be achieved by an Indian who is keenly alive to the industrial requirements of his country. Before very long, Sir, to your professional work you added the still more interesting work of looking after mills, collieries, mines, factories, institutions of all sorts, and your efforts were not limited to the Central Provinces. You had them established all over India. Thus having shown by practice what can be achieved in the industrial line it was but natural that you should have been asked to preside over the Industrial Conference of your own province and that you did in 1907. That your reputation as a great and successful industrialist had gone beyond your own province was proved when four years later you were asked to preside over the Industrial Conference at the great City of Calcutta. One might have thought, Sir, that having shown what can be done in the industrial world, you would be satisfied. But the versatility of your genius and the inexhaustible energy with which Providence had endowed you would not let you be satisfied with that. From industrial enterprise you proceeded to what only advanced scholars and workers in industrialism resort to, namely, Finance, and it was but natural that you should have been appointed Governor of the Imperial Bank of India. Later on, your great knowledge of finance had singled you out to be appointed a Member of the Indian Fiscal Commission and still later on as a Member of the Royal Commission on Indian Currency and Exchange. That shows, Sir, that you not only in the profession of law and of industrialism but also in high finance achieved a success on which any one might well be congratulated. Still, these three great domains of human activities were not enough to absorb all your energies and you found time to devote to politics, beginning with local self-government, and proceeding on to the legislatures of your country. For 30 years you remained a member of the Municipal Board of Nagpur and along with it you were for a long time a Member of the Old Imperial Legislative Council, elected in 1912, sometimes nominated, again elected. You were among the first elected Members of this Council of State, and all the time this Council has been in existence you have been, Sir, its Member. So, the versatility of your career, if I may say so, is very remarkable indeed. It is not that you only occupied yourself with these four departments of activities. You achieved marked success in every one

of them. I might add, Sir, that a great deal of the success was no doubt due to the fact that you began your career as a lawyer, and I have no doubt that the training thus afforded enabled you in every activity you resorted to to distinguish yourself, and it is also to be noted that your efforts were never limited to your own province but always assumed an all-India aspect. After this, is it necessary for me, Sir, to say, endowed as you have been from the very beginning with social gifts of a very high order, a charm that comes from travelling a great deal, and another gift again from Providence, the gift of a good health which enabled you no doubt to do all this great work—equipped as such, it is but natural that you should have risen to the exalted office which you now occupy. Having been, so to speak, a foundation Member of this Council, it is but natural that you should expect from every nook and corner of this House that ready co-operation which is so essential for the discharge of the onerous duties of your exalted office. I have no doubt, Sir, that you can count upon that ready co-operation and I have no doubt the House can also count upon you to be the best possible custodian of its dignity and of its privileges. I, Sir, wish you on behalf of the House a remarkably successful term of office as President of this House. (Applause.)

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, on behalf of myself and on behalf of the Progressive Party in this House and as an old friend of yours, I congratulate you heartily and welcome you to your present office. I rejoice that you are the first non-official Indian President of our Council. I have no doubt that under your regime you will allow full freedom of discussion and give all opportunities to Members to express their views. Your long association with this House and the old Imperial Legislative Council and your vast experience will certainly lead you to success. We wish, Sir, that there ought to be more uniformity in the practice and procedure of the two Houses of the Central Legislature. The Honourable the Leader of the House has not left much for me to say, so I fully endorse what he has said and close my remarks with a wish that your regime may be a remarkable success.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal : Muhammadan) : Sir, on behalf of myself and of the Party to which I belong, I associate myself with the sentiments which have been given utterance to by the Leader of the House and by others who preceded me and congratulate you most heartily on your elevation to the exalted office of President of this House of elder statesmen of India. Sir, in making your choice for this highly honourable but extremely onerous position, His Excellency Lord Willingdon has not only shown sound judgment and discernment but has met the universal wish and desire of all your colleagues in this House and of the thoughtful leading men of this great country. I have known you, Sir, so long and derived instruction and enjoyment from so many of your brilliant speeches that I look upon your elevation to the Chair of this House with peculiar pleasure. Sir, behind you, you have a public career of which any man in any country may be proud. In front of you lies a career of which many a Parliamentary President must envy. I feel sure, Sir, that your great knowledge of law, your vast experience in politics and all practical things of life, your nobility of heart and your firmness of mind, your spirit of independence which have characterised your public and private life, will help in building up the tradition of this House and in enhancing its dignity and prestige in the same manner as your distinguished, noble predecessor has done. Sir, I shall conclude by

[Mr. Mahmood Suhrawardy.]

once again sincerely congratulating you and wishing you a very long and honourable public career in the Chair.

THE HONOURABLE MR. G. A. NATESAN (Madras : Nominated Non Official) : Sir, after the exhaustive and highly appreciative account of your career which has just been given to us by the Honourable the Leader of the House and the remarks which subsequent speakers have made, little need be said of your past career. I feel, Sir, a special sense of satisfaction in finding you in the Chair today. During the debate on the retrenchment motion raised by my Honourable friend, Mr. Hossain Imam, I ventured to throw out a suggestion which was not looked upon quite with favour at that time, that it was high time a non-official President was asked to preside over the deliberations of this House. I am glad my wish has been fulfilled and that your election has been a source of satisfaction to all sections of the House. I would like to conclude with one observation. I trust that during your regime, consistent with the prestige and dignity of this House, full freedom and fair opportunities will be vouchsafed to all who may have their views to propound in this House, and that this House will become a real live second Chamber.

THE HONOURABLE MR. E. MILLER (Bombay Chamber of Commerce) : Sir, I am very proud to be here on this historical occasion. It was indeed a very wise decision of His Excellency the Viceroy when he decided to select our new President from amongst us and a happy choice when he selected you, Sir. You are one of the most popular and esteemed Members of this House and we are proud to see you in the presidential Chair. You may, I am sure, count on all the House giving you their full and loyal support. You have vast experience, Sir, considerable knowledge of the world's affairs and much patience when listening to views of others. I hope that this House will not abuse that courtesy on your part. I have only to conclude by offering you on behalf of my community and myself hearty congratulations, and I hope that you will occupy the Chair for many years to come.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras : Non-Muhammadan) : Sir, I have very great pleasure in conveying to you my most heartfelt congratulations on the high honour conferred on you by His Excellency the Viceroy. His Excellency has earned the gratitude of one and all in this House in nominating you and I can say that there could not have been a better selection than your goodself. Your public career is a bright record, as my respected Leader has just mentioned. He has exhausted reference to all that you have done, both as an industrialist and as a Member of this House. He also mentioned the long connection you had with the Imperial Legislative Council from the time of Lord Minto. That shows that at every stage, both as an elected Member of this House and as a nominated Member, you have left your mark upon affairs. I may tell you that when I saw the announcement in Madras it gave me real pleasure that His Excellency had thought of you. I know that you have accepted the office at a great sacrifice from the business point of view. But public duty has called you and you have responded to the call of His Excellency the Viceroy, for which we Honourable Members congratulate you. Sir, I take a great pride in being present at the opening of this session just to congratulate you. As I told you, it gives me great pleasure and it is a great honour conferred by the Viceroy in selecting one of the Members of this House to occupy the Chair. Sir, you are one of the independent and fearless speakers in this House. You never have cared for cheap applause and have never hesitated to disagree with

many of us. That shows that you have always spoken in this House what you felt was right. I shall not take up any more time of the House and will conclude by congratulating you again most heartily on the high honour conferred on you and pray that you may enjoy happiness and a long life.

THE HONOURABLE THE PRESIDENT : I am feeling very uncomfortable and I hope my Honourable colleagues will save me further blushes.

The Honourable the Leader of the House and Honourable colleagues, I have been greatly touched with the hearty and cordial welcome which this House has so kindly extended to me this morning, the first occasion on which I am presiding over its deliberations. I really do not know how to thank you all for all the nice and kind things you have said of me this morning. I feel I am really not worthy of all that you have so generously said. I beg, however, to offer you all my sincere, heartfelt and dutiful thanks. I have accepted the office of President of the Council of State at the invitation of His Excellency the Governor General as I have felt it a call of duty and service, and because I also fully realised that the main object of His Excellency the Governor General in making my appointment was to do honour to the non-official Members of the Council of State, who in the past have played such an important part in the Indian Legislature and who by the exercise on many momentous occasions of prudence, commonsense, sound and sober judgment, have fully justified the creation of this Upper Chamber. You are all aware that His Excellency has taken a keen and genuine interest in the speedy establishment of the new reformed constitution and has already taken one more important step in advance by the appointment of an Indian non-official Member to preside over the deliberations of this Chamber and has thus given tangible proof of his sympathy and goodwill towards the forthcoming constitutional changes. Honourable Members, how far His Excellency's choice will be justified will depend on you, especially the non-official Members, and on myself. A new President must necessarily view his duties with a certain measure of apprehension, misgiving and anxiety. I am fully conscious of my own shortcomings and limitations, but I am emboldened by the feeling that I am still amongst many of my old and kind friends with whom I have been closely associated in this Chamber for a number of years and the consideration and support which I have invariably received from many of you will fortify and encourage me to face the new responsibilities of my office with confidence. I assure you, Honourable Members, that I shall endeavour my very best to follow in the footsteps of my distinguished predecessors and perform my duties impartially, conscientiously and patiently and I will also do my utmost to maintain unimpaired the dignity of this Council, its rights and its privileges and the high traditions of my office. (Applause.) But for the successful and satisfactory performance of my task I shall have to depend on your unstinted co-operation, your goodwill and your constant sympathy and I am very pleased to know that the Honourable the Leader of the House has so kindly vouchsafed that measure of co-operation to me which was extended to my predecessors in office. I would also respectfully, yet earnestly, request my non-official colleagues to kindly bear in mind that my success will be your success and the success we jointly make of this new experiment. I will not detain the Council any further as we have a considerable amount of work to do this morning. I will only conclude by saying that Providence may in its benevolence help me to prove myself worthy of the great trust and confidence reposed in me by His Excellency the Governor General and the many kindly sentiments to which you have given expression this morning on this important occasion on which I have the privilege and good fortune to occupy the presidential Chair for the first time. (Applause.)

QUESTIONS AND ANSWERS.

INCOME-TAX AND SUPER-TAX IN THE PUNJAB.

1. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly state :

1. How much (a) income-tax and (b) super-tax was assessed in the Punjab in the year 1930-31 ?

2. How much under each of the above two heads was assessed community-wise on (a) Hindus, (b) Sikhs, (c) Muhammadans and (d) others ?

THE HONOURABLE MR. J. B. TAYLOR : 1. (a) Rs. 54,40,442.

(b) Rs. 3,96,368.

2. The required information cannot be supplied as payments of tax are not classified according to the community to which a tax-payer may belong.

2. (For this question and answer thereto, see after question No. 7.)

SURCHARGE ON FREIGHT LEVIED ON STEAM COAL AND HARD COKE.

3. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly state :

(i) The total quantity of steam coal and hard coke carried by the Indian Railways and the amount of surcharge on freight levied upon it in each year since its levy (a) on carriage of total distances of 1,000 miles and over, (b) on carriage of total distances of 500 miles and over, (c) on carriage of total distances of 150 miles and over, (d) under 150 miles ?

(ii) Does Government intend to withdraw this surcharge ? If so, when, and from what date ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (i) I have asked the Agents, Bengal Nagpur, East Indian and Great Indian Peninsula Railways for figures showing the earnings and total tonnage of public coal, subject to the 15 per cent. surcharge during the months of 1st February, 1932 to 31st January, 1933, and will place the information when received on the table of the House.

Figures by zones are not maintained by the Railways.

(ii) There is no intention at present of withdrawing the surcharge.

RESTORATION OF THE CUT ON SALARIES.

4. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly state their decision as regards the restoration of the 10 per cent. cut on salaries of public services ?

THE HONOURABLE MR. J. B. TAYLOR : The Honourable Member's attention is invited to the press communiqué on the subject, dated the 3rd February, 1933.

FREIGHT WAR IN COASTAL TRAFFIC.

5. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : With reference to the reply to my question No. 170 on the 8th December, 1932, will Government kindly state whether they have decided to put an end to the freight war that is waging in coastal sea freight between the indigenous Indian shipping companies and the foreign shipping companies ? If so, how ? If not, when is a decision likely ?

THE HONOURABLE MR. J. C. B. DRAKE : The matter is still under the consideration of the Government of India and it is not possible to say when a decision will be reached.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : How long will it take Government to come to a decision ? Will they wait so long till the present indigenous companies are forced to liquidation ?

THE HONOURABLE MR. J. C. B. DRAKE : I have already said that I am afraid it is not possible yet to say when a decision will be reached.

REDUCTION IN TAXATION.

6. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly state when they intend to lighten the burden of heavy taxation on the tax-payer and what reductions are proposed ?

THE HONOURABLE MR. J. B. TAYLOR : I would ask the Honourable Member to wait until I make the usual budget statement.

LOAN OPERATIONS.

7. THE HONOURABLE MR. HOSSAIN IMAM : Will Government give the following information about their loan operations during the year 1932-33 :

- (a) the amounts and rates of interest of the loans paid,
- (b) the amount and rate of interest of loans taken,
- (c) the redemption yield on payment of old loans,
- (d) the redemption yield on terms offered by Government on new loans, and
- (e) the redemption yield on Exchange quotation of 11th February, 1933, for the new loans ?

THE HONOURABLE MR. J. B. TAYLOR : (a) The rupee loan due for discharge in the year was the 6 per cent. tax-free issue, the amount outstanding being Rs. 1,17,27,000. Rupee Bonds to the extent of Rs. 10,42,69,500 in the 1933 issue and Rs. 9,94,80,000 in the 1933-36 issue were repaid by conversion. Under our recent Notification of 24th January, 1933, holders of 1933 and 1933-36 Bonds and War Loan of 1929-47 can now convert into the 4 per cent. Loan 1960-70. The final amount of the loans discharged cannot be furnished until the loan closes at the end of this month. As regards sterling loans, India 6 per cent. Bonds of £4,706,600 were discharged in the half-year ending 30th September, 1932.

(b) The loans raised in 1932-33 are as follows :

Rupoo loans.	Issue price.	Amount.
5½% Loan, 1938-40	Rs. 98	19,13,89,300
5% Loan, 1940-43	98	25,18,46,800
4% Bonds, 1943	98	15 crores.
4% Loan, 1960-70	for conversion as stated in (a).	

Sterling loans.

5% Stock, 1942-47	£95%	£10,000,000
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(c) The question is not quite understood. The redemption yield on loans discharged at par must be the nominal rate of interest.

(d) and (e). The redemption yields are as follows :

	At time of issue.	According to market quotation of 11th February, 1933.
5½% 1938-40 Loan	5·806	4·413
5% 1940-43	5·240	4·321
4% 1943	4·238	3·920
4% 1960-70	Still under issue.	4·3

THE HONOURABLE MR. MAHMOOD SUHRAWARDY : As Khan Bahadur Hafiz Muhammad Halim is suffering from asthma, may I have the liberty and your permission to put question No. 2 on his behalf ?

THE HONOURABLE THE PRESIDENT : The Honourable Member will please bear in mind that it is the usual practice that the question must be put at the proper time and in the order on the list of business. However, I shall allow, as a special case on this occasion, the Honourable Member to put the question, but I trust that this occasion will not be used as a precedent.

APPOINTMENT OF MUSLIMS AS TRADE COMMISSIONERS.

2. THE HONOURABLE MR. MAHMOOD SUHRAWARDY (on behalf of the Honourable Khan Bahadur Hafiz Muhammad Halim) : 1. Will Government state the dates on which and places in which Trade Commissioners have been appointed abroad ?

2. Is it a fact that no Muslims have been appointed to any of these posts ?

3. Is the principle of representation of Muslims applicable to these posts ?

4. Have Government considered the necessity of appointing a Trade Commissioner at New York ?

5. Have Government considered the advisability of appointing a Muslim as Trade Commissioner at New York ?

THE HONOURABLE MR. J. C. B. DRAKE : 1. There are only two Trade Commissioners at present, one in London and the other at Hamburg. The former was appointed on the 8th October, 1917 and the latter on the 1st March, 1931.

2. Neither of the two existing appointments is held by a Muslim.

3. The claims of Muslim candidates to appointments in this branch of the public service have been, and will in future be, carefully considered.

4. and 5. The sanctioned scheme includes an appointment at New York, but owing to the necessity for stringent economy in expenditure, the Government have been compelled to postpone the making of further appointments of this nature for the present.

THE HONOURABLE MR. HOSSAIN IMAM: Does the appointment of a Trade Commissioner increase or decrease trade?

THE HONOURABLE MR. J. C. B. DRAKE: That, Sir, is a matter of opinion.

GOLD IN THE GOLD STANDARD RESERVE.

8. **THE HONOURABLE MR. HOSSAIN IMAM:** What was the amount of gold in the Gold Standard Reserve in England on the 31st December, 1930 and 31st December, 1932; and how is the decrease, if any, accounted for?

THE HONOURABLE MR. J. B. TAYLOR: The amount of gold in the Gold Standard Reserve in England on both the dates was 2,152,334 sovereigns.

TRANSFER OF GOLD FROM THE GOLD STANDARD RESERVE TO THE PAPER CURRENCY RESERVE.

9. **THE HONOURABLE MR. HOSSAIN IMAM:** (a) Is it a fact that in 1933 nearly 6·77 crores rupees worth of gold has been transferred from the Gold Standard Reserve to the Paper Currency Reserve? If so, when?

(b) How was the resultant deficit in the Gold Standard Reserve made up?

(c) What was the balance with the Secretary of State previous to this transfer?

(d) How has this sum of more than £5,000,000 been invested, and at what rates of interest?

(e) Will Government explain fully the reason of transfer?

THE HONOURABLE MR. J. B. TAYLOR: (a) Yes, on 7th January, 1933.

(b) By the transfer of sterling securities held by the Secretary of State in his treasury balances.

(c) About £19 millions at the end of December, 1932.

(d) In sterling treasury bills at the current rates prevailing in the London market.

(e) The object was to strengthen the external reserves of the Indian Paper Currency.

CONVERSION LOAN.

10. **THE HONOURABLE MR. HOSSAIN IMAM:** Will Government inform the House of the result of the conversion loan up to the 15th February, 1933?

THE HONOURABLE MR. J. B. TAYLOR : An official communiqué issued yesterday stated that the figure was approximately 12 crores up to the 14th February, 1933. Government do not like to publish the figures too frequently because the figures cannot be accurately ascertained, but since the Honourable Member has asked for the figures up to the 15th, I can tell him that they amount to approximately 13½ crores up to the 15th.

1960-70 LOAN.

11. THE HONOURABLE MR. HOSSAIN IMAM : Under what head is the bonus for the new 1960-70 loan to be accounted ? Is it to be debited to capital or to revenue ?

THE HONOURABLE MR. J. B. TAYLOR : The amount will be debited to a suspense head and will be written off to revenue in instalments during the period of the currency of the loan.

COST OF THE CAPITATION RATE TRIBUNAL.

12. THE HONOURABLE MR. HOSSAIN IMAM : Will Government state the cost to India of the Capitation Tribunal showing separately the cost on personnel, counsel and officials ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : We still have not got all the details, but I understand that the Secretary of State has asked for a grant of £7,875 to cover that portion of the expenditure incurred in England which is debitable to Indian revenues ; and that in addition a supplementary grant not exceeding Rs. 10,000 will be required to cover expenditure incurred in India.

CASE LAID BEFORE THE CAPITATION RATE TRIBUNAL ON BEHALF OF THE GOVERNMENT OF INDIA.

13. THE HONOURABLE MR. HOSSAIN IMAM : Will Government now reply in detail to my question No. 146 of the 29th November, 1932, regarding the case of the Government of India about Capitation ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : The report of the Tribunal was presented on the 17th January and is now receiving the consideration of His Majesty's Government. In these circumstances it is still inappropriate to give the details asked for by the Honourable Member in his original question No. 146 of 1932.

MURAL DECORATIONS IN THE BALL ROOM OF THE VICEROY'S HOUSE, NEW DELHI.

14. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
1. Have mural decorations based on an oriental theme been inserted recently in the ceiling of the Ball Room of the Viceroy's House, New Delhi ? If so, what was the cost ?

2. Is it a fact that the artist was a non-Indian ? If so, will Government be pleased to state why, in view of the assurance given by the Honourable Mr. Shillidy on behalf of Government in the Council of State in March, 1932, in connection with Sir Phiroze Setna's resolution regarding mural decorations by Indian artists, a non-Indian artist was commissioned for the purpose ?

THE HONOURABLE MR. J. A. SHILLIDY : The scheme of decoration referred to was carried out from money which was not the property of Government, and no question of control by the Government of India therefore arises.

COST OF DECORATING INDIA HOUSE, LONDON.

15. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :

1. Will Government be pleased to state the total cost of decorating India House, London, by Indian artists ?

2. Have the Imperial Government contributed anything towards this cost ? If not, why not ?

3. Is it a fact that there was an understanding between the Government of India and the Imperial Government that an amount upto £50,000 would be paid by the Government of India for this purpose, and that if the total cost were in excess of this amount, the excess would be contributed by the Imperial Government ?

THE HONOURABLE MR. J. A. SHILLIDY : 1. £1,913-1-7.

2. No. India House, London, belongs to the Government of India and the cost involved in its decoration has been met by the Government of India without any contribution by the Imperial Government.

3. No.

KOLAGHAT RAILWAY BRIDGE, BENGAL NAGPUR RAILWAY.

16. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :

(a) Will Government be pleased to state when the construction of the Kolaghat Railway Bridge on the Bengal Nagpur Railway was started and when it is expected to be finished ?

(b) What will be the total cost of the construction of the said bridge ?

(c) Is the bridge being constructed by the Railway Company themselves or by any contractor or contractors ?

(d) If it is being done by contractors, will Government be pleased to state the name of the contractors ? If not, will Government be pleased to state why tenders were not called for the construction of this bridge by the Bengal Nagpur Railway Company ?

(e) Will Government be pleased to state to what extent steels, girders, frames and other materials required in the construction of the said bridge were supplied by any Indian firm ?

(f) Was there any tender called for the abovementioned materials, especially rails, bolts, nuts, etc. ? If not, why not ?

(g) Will Government be pleased to state if the Tata Iron and Steel Company were asked to supply quotations of the abovementioned materials required for this bridge ? If not, why not ?

THE HONOURABLE SIR GUTHRIE RUSSELL : The Honourable Member is apparently referring to the doubling of the existing railway bridge across the Rupnarain River near Kolaghat station ; the original bridge was built many years ago.

Information has been called for from the Agent, Bengal Nagpur Railway, and a statement will be laid on the table in due course.

ASSISTANT TRAIN EXAMINERS, BENGAL NAGPUR RAILWAY.

17. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : 1. Is it a fact that Indian Assistant Train Examiners on the Bengal Nagpur Railway doing the same duty as Anglo-Indian Assistant Train Examiners are on inferior scale in respect of pay and prospects ?

2. Will Government be pleased to state why this distinction is being made by the Bengal Nagpur Railway Company ?

3. What is the scale of pay of the Assistant Train Examiners in the different State-managed Railways in India ?

4. How many Company-managed Railways have Assistant Train Examiners ?

5. Will Government be pleased to state the pay and prospects of the Assistant Train Examiners on Indian Railways, line by line, both State-owned and Company-managed ?

THE HONOURABLE SIR GUTHRIE RUSSELL : I have called for such information as is readily available and a reply will be placed on the table in due course, but I may point out that due to the different systems of working on Railways and other causes it may not be possible to compare the pay and prospects of the Assistant Train Examiners on one Railway with another.

INCOME-TAX OFFICERS, BENGAL.

18. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : 1. Will Government be pleased to state why Mr. S. C. Chakravorty, Income-tax Officer, Jalpaiguri, Bengal, was removed from service ? What were the charges against him ?

2. Was there any enquiry about the work in Calcutta of the Special Income-tax Officer, Mr. P. L. Bhattacharyya and the Assistant Commissioner of Income-tax, Mr. S. N. Banerjee ?

3. Will Government be pleased to state why the post of a Special Income-tax Officer in Calcutta was brought into existence and by whom ?

4. Will Government be pleased to state what was the decision of the Calcutta High Court with regard to the appointment of the Special Income-tax Officer in Calcutta in 1927—29 ?

5. Will Government be pleased to state why Mr. P. L. Bhattacharyya was transferred to Midnapur before the decision of the Calcutta High Court ?

6. Will Government be pleased to state why the Personal Assistant to the Commissioner of Income-tax, Bengal, Mr. S. K. Ghose, was allowed to take the cases of the Special Officer in Calcutta ?

THE HONOURABLE MR. J. B. TAYLOR : 1. Mr. S. C. Chakravorty was not removed from service. He tendered his resignation which was accepted. The latter part of the question does not arise.

2. No.

3. The post of Special Income-tax Officer in Calcutta was created by the Commissioner of Income-tax to deal with certain cases of under assessments.

4. The High Court, Calcutta, held in the case of Lachhiram Basantlal Basantlal Nathani *v.* The Commissioner of Income-tax, Bengal, that the order of appointment of the Special Income-tax Officer was not in accordance with the provisions of section 5 (4) of the Income-tax Act, 1922.

5. Mr. P. L. Bhattacharyya was not transferred to Midnapur before the decision of the Calcutta High Court which was pronounced in August, 1929, while his transfer from Calcutta to Midnapur took place in 1930 and was one of the general annual transfers.

6. The making over of the cases of the Special Income-tax Officer to the Personal Assistant to the Commissioner of Income-tax, Bengal, in July, 1929 was a purely formal matter, the intention being that the Personal Assistant would not proceed with the assessments but would merely keep the office alive pending receipt of the High Court's decision regarding the question of jurisdiction. That decision was pronounced in August, 1929 and following it the various assessment records were made over in due course to the territorial Income-tax officers concerned.

STATEMENT LAID ON THE TABLE.

COMMUNAL INEQUALITIES IN THE CLERICAL AND TECHNICAL STAFF OF
THE FOREST RESEARCH INSTITUTE, DEHRA DUN.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Education, Health and Lands Member): Sir, I beg to lay on the table the information promised in reply to part (b) of question No. 227 asked by the Honourable Mr. Mahmood Suhrawardy on the 19th December, 1932.

Statement giving the number of non-Muslims on permanent and temporary staff of the Forest Research Institute, Dehra Dun, who are non-Matriculates and have not passed an examination of equivalent standard.

(b) The number of non-Muslims on the permanent and temporary staff of the Forest Research Institute, Dehra Dun, who are non-Matriculates and have not passed an examination of equivalent standard is as follows :

Clerical staff	7*
Non-gazetted technical staff	90†

* Includes 1 temporary.

† Includes 61 temporary.

MESSAGES FROM HIS EXCELLENCY THE GOVERNOR GENERAL.

THE HONOURABLE THE PRESIDENT: Honourable Members, I have to convey to the House four Messages from His Excellency the Governor General.

The first Message is :

PANEL OF CHAIRMEN.

"In pursuance of the provisions of sub-section (2) of section 63A of the Government of India Act, I, Freeman, Earl of Willingdon, hereby nominate the following Members of the Council of State to be on the Panel of Chairmen of the said Council of State :

In the first place, the Honourable Mr. Ernest Miller ; in the second place, the Honourable Diwan Bahadur G. Narayanaswami Chetti ; in the third place, the Honourable Nawab Malik Mohammad Hayat Khan Noon ; and lastly, the Honourable Mr. Hormusji Maneckji Mehta.

New Delhi ;

(Sd.) WILLINGDON,

The 18th January, 1933.

Viceroy and Governor General."

The second Message reads as below :

RAILWAY BUDGET.

"For the purposes of sub-section (1) of section 67A of the Government of India Act and in pursuance of rule 43 of the Indian Legislative Rules and of Standing Order 70 of the Council of State Standing Orders, I, Freeman, Earl of Willingdon, hereby appoint Tuesday, the 16th February, for the presentation to the Council of State, and Saturday, the 18th February, for the General Discussion in the Council of State, of the statement of the estimated annual expenditure and revenue of the Governor General in Council in respect of Railways.

New Delhi ;

(Sd.) WILLINGDON,

The 21st January, 1933.

Viceroy and Governor General."

The third Message reads as follows :

GENERAL BUDGET.

"For the purposes of sub-section (1) of section 67A of the Government of India Act and in pursuance of rule 43 of the Indian Legislative Rules and of Standing Order 70 of the Council of State Standing Orders, I, Freeman, Earl of Willingdon, hereby appoint Tuesday, the 28th February at 5 P.M., for the presentation to the Council of State, and Saturday, the 4th March, for the General Discussion in the Council of State, of the statement of the estimated annual expenditure and revenue of the Governor General in Council in respect of subjects other than Railways.

New Delhi ;

(Sd.) WILLINGDON,

The 21st January, 1933.

Viceroy and Governor General."

And lastly :

"In pursuance of the provisions of sub-section (3) of section 67A of the Government of India Act, I hereby direct that the heads of expenditure specified in that sub-section shall be open to discussion by the Council of State when the Budget is under consideration.

(Sd.) WILLINGDON,

Viceroy and Governor General."

(The Messages were received by the Council standing.)

COMMITTEE ON PETITIONS.

THE HONOURABLE THE PRESIDENT : Under Standing Order 76 of the Council of State Standing Orders, I am required at the commencement of each session to constitute a Committee on Petitions consisting of a Chairman and four Members. The following Honourable Members have at my request kindly consented to preside over and serve on the Committee. I accordingly have much pleasure in nominating as Chairman of the Committee the Honourable Mr. G. A. Natesan and as Members, the Honourable Raja Charanjit Singh, the Honourable Khan Bahadur Syed Abdul Hafeez, the Honourable Sir David Devadoss and the Honourable Mr. S. C. Ghosh Maulik.

GOVERNOR GENERAL'S ASSENT TO BILLS.

SECRETARY OF THE COUNCIL : Sir, information has been received that His Excellency the Governor General has been pleased to grant his assent to the following Bills which were passed by the two Chambers of the Indian Legislature during the November session, 1932, namely :

The Criminal Law Amendment Act, 1932.

The Bengal Suppression of Terrorist Outrages (Supplementary) Act, 1932.

The Indian Tariff (Ottawa Trade Agreement) Amendment Act, 1932.

BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL : Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the following Bills which were passed by the Legislative Assembly at its meetings held on the 6th and 7th February, 1933, namely :

A Bill to prohibit the pledging of the labour of children.

A Bill further to amend the Indian Marine Act, 1887, for a certain purpose, and

A Bill further to amend the Indian Forest Act, 1927, for a certain purpose.

CONGRATULATIONS TO RECIPIENTS OF HONOURS.

THE HONOURABLE THE PRESIDENT: Honourable Members, it is customary in this House for the President on behalf of himself and the Honourable Members of the Council to offer congratulations to the recipients of New Year's Honours. It falls to my lot, therefore, to offer on your behalf our congratulations and felicitations to the Honourable Members who have been fortunate this year in receiving distinctions. The first and foremost name is that of Sir Herbert Emerson, who now receives the double honour of being appointed Governor of the Punjab and also the high and exalted distinction of the Knight Commander of the Star of India, and I offer him on your behalf our hearty congratulations. He is now on leave preparatory to joining his new and exalted office. He was a Member of this Council for some definite period as Home Secretary and during that time we always found him taking a keen interest in his work and we also discovered that he was a most capable servant of Government. He had also distinguished himself in effecting a pact which will go down in history as the Gandhi-Irwin Pact.

The next Honourable Member is Major-General Sir John Megaw, who has received a Knight Commandership of the Most Eminent Order of the Indian Empire. He is unfortunately not with us today. He is in the other House piloting an important Bill in that House. I give him also on behalf of all of you our hearty congratulations and good wishes on his elevation.

Two other Honourable Members of our House have also received Knighthoods. One is Sir Edward Benthall and the other Sardar Saheb Sir Suleman Cassum Haji Mitha. Both are commercial magnates, one in the Bombay Presidency and the other in the Bengal Presidency, and have done extensive work in their respective spheres. Sir Edward Benthall, in particular, was a member of the second Round Table Conference and in that capacity rendered useful service. Sardar Bahadur Sir Suleman Cassum Haji Mitha has taken considerable interest in the welfare and advancement of the Moslem community and it is also a great honour to the Mussalman community

Two other names attract our special notice. One is the Honourable Mr. Drake who receives a C.S.I. and the other the Honourable Mr. J. B. Taylor who receives a C.I.E. I can only say about the Honourable Mr. Drake, as you are all fully aware, that he is an officer of great energy and capacity and has already distinguished himself in many departments of Government service. As Secretary to the High Commissioner he was well known as a most popular Secretary and I have personal experience of that matter. As Commerce Secretary he has rendered very useful service. One of the most important services which he rendered is that which was recently done and that is the work done in connection with the Ottawa Agreement. It is all fully known to you. His honour is well deserved and I feel certain it is the precursor of many other honours which are still awaiting him. As regards the distinction conferred on the Honourable Mr. Taylor, it is a particular gratification to me as he comes from my province. When he first joined the Indian Civil Service it was discovered that he was a promising young man and he has fully justified the prophecy then formed by many of his friends in the Central Provinces. He has distinguished himself as Controller of the Currency in Calcutta and I know the valuable services he has rendered in the matter of finance to the Government of India. I therefore on behalf of you all convey our congratulations to the Honourable Mr. Drake and also to the Honourable Mr. Taylor.

There is one other name that I would like to mention, and that is, that of the Honourable the Maharajadhiraja of Darbhanga who has received a K.C.I.E. He has only joined our Council this morning but I can speak from experience that he will prove a very useful Member and he will follow in the footsteps of his worthy father with whom I was for many years associated in this Council. I also on behalf of you all offer him our congratulations.

THE HONOURABLE MR. J. C. B. DRAKE (Commerce Secretary): Sir, I should like to express to you and through you to the House my very warm appreciation of your kind congratulations and of the very kind way in which you referred to me.

THE HONOURABLE MR. J. B. TAYLOR (Finance Secretary): Sir, I should also like to express to you personally and to the Members of the House my keen appreciation of the too kind words which you have addressed to me. I have known you since I came to India and I am peculiarly touched by the warmth of the expressions that you have used about me.

THE HONOURABLE MAHARAJADHIRAJA SIR KAMESHWAR SINGH of DARBHANGA (Bihar and Orissa : Nominated Non-Official): Sir, I thank you most warmly for the kind words of congratulation which you have just spoken and for the very kind references which you have made to my late lamented father. I do not want to detain the House long, but before I conclude I should like to thank you again for the kindness shown by you to me this morning.

NEGOTIABLE INSTRUMENTS (AMENDMENT) BILL.

THE HONOURABLE MR. J. B. TAYLOR (Finance Secretary): Sir, I beg to move for leave to introduce:

“ A Bill further to amend the Negotiable Instruments Act, 1881, for a certain purpose.”

The object of the amendment is to provide that bearer cheques cannot lose their character as bearer instruments by reason of endorsement. The case arose in 1924 with a ruling of the Bombay High Court that a bearer document could legally be changed to an order document by endorsement. A Bill was introduced in the Assembly in January, 1927 to remedy this, but was rejected in 1929 partly because there was considerable difference of opinion whether the legislation should apply to *hundis* as well as to cheques and partly because it was considered that the matter should be further investigated by the Banking Enquiry Committee. The Banking Enquiry Committee subsequently recommended that the protection should be afforded to cheques and to *hundis* in the form of cheques but not to other *hundis* and the present Bill is designed to secure that object.

The motion was adopted.

THE HONOURABLE MR. J. B. TAYLOR: Sir, I introduce the Bill.

PRESENTATION OF THE RAILWAY BUDGET FOR 1933-34.

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner of Railways): Sir, I have the honour to present a statement of the estimated revenue and expenditure of the Governor General in Council for the coming year in respect of Railways. In these times the presentation of such a statement is bound to be rather depressing, but I shall endeavour to show the Council that depressing as the figures which I shall give them may appear on the surface, a detailed examination of the position will show that the finances of Indian Railways, though they cannot be said to be flourishing, are at least sound, and that when better times return there is little doubt that the Railways will react to these and again show an appreciable profit to their shareholders, the taxpayers of India.

2. Following the precedent of previous years I shall give a short account of the results of the year 1931-32, and our estimates of the final results of the year 1932-33. These are based on the latest figures of traffic available, but it must be understood that they may very easily be upset by circumstances over which we have no control. They are merely an estimate based on the information available, and on the analogy of the movement of traffic in previous years. Finally I shall present to the Council our budget estimate for the year 1933-34. If, as I have explained, there are difficulties in forecasting the results of a year which has only 6 or 7 weeks to run, the Council will realise that these difficulties are considerably increased when we endeavour to forecast what is going to happen a year hence. I know I have the sympathy of the Council and that they realise the difficulties in making a forecast which is susceptible to a change in world conditions quite independent of local conditions in India. I shall also endeavour to show that though of necessity certain of our activities have had to be curtailed, these, with few exceptions, have not been abandoned altogether and that machinery is there to start up again as soon as times improve. Further, that despite shortage of money, essential works have not been neglected and the property has been maintained in good condition.

To summarise the results of the year 1931-32. These can be discussed in a few words as they are already well known to the Members. When I last addressed the Council, I anticipated that there would be a loss in commercial and strategic lines combined of 9.47 crores and that to meet this it would be necessary to absorb the full balance in the Reserve Fund of 4.95 crores and to borrow 4.52 crores from the Depreciation Fund. The actual result was we found we had over-estimated our loss by 27 lakhs so that we had to borrow only 4.25 crores from the Depreciation Fund. This left a balance in the Depreciation Fund of 14.87 crores, or nearly a crore more than at the end of the previous financial year.

3. I now turn to the current year. When I placed the Budget Estimate for the year before the Council I stated that though we had allowed for no increase in traffic we anticipated a small increase in earnings on account of certain increases in rates and fares which had been brought into force during the year. On this assumption we placed our gross traffic receipts at 87.65 crores. As regards our working expenses, we estimated these at 60.81 crores, including our contribution to the Depreciation Fund. How far have our anticipations been justified by results? Despite the increased rates and

fares our gross revenue has fallen short of our anticipations by 2.45 crores, and we expect that our working expenses will exceed by 12 lakhs our estimate. This increase is entirely due to the fact that owing to the rather meagre data at our disposal we estimated the cut in pay would save us 230 lakhs, whereas in the result the saving was only 185 lakhs, or 45 lakhs less. It will thus be seen that apart from the cut in pay we have reduced our working expenses by 33 lakhs compared with our budget provision. Allowing for credits on returned material, interest on Depreciation Fund, etc., we arrive at the result of a total revenue of 86.20 crores against total charges of 93.52 crores, giving a deficit of 7.32 crores. To this has to be added the loss on strategic lines of 2.02 crores. This gives a total deficit on the year's working of 9.34 crores, which, as last year, we propose to meet by a temporary loan from the Depreciation Fund. Our contribution to the Depreciation Fund under the present system for this year will be 13.75 crores, against an expenditure of 5.60 crores which in normal circumstances should have increased our balance in the Fund to 8.15 crores, but as I have already explained it will be necessary to borrow 9.34 crores from the Fund to meet our charges, so in the result our accumulations in the Depreciation Fund will be reduced by 1.19 crores, leaving, however, still a substantial balance of 13.68 crores in the Fund.

4. Finally I come to the most difficult part of my task—estimating the results of the coming year 1933-34. This task is difficult at all times, but I am quite sure the Council will agree with me that it has seldom been more difficult than to-day. I do not want to be unduly optimistic, nor yet unduly pessimistic. During the past few weeks we have had on several occasions to entirely recast our estimates. There have been times when it appeared that there were faint signs of returning prosperity and that the pendulum was beginning to swing in our favour, unfortunately on each occasion our hopes have been unfulfilled.

5. Despite this, however, we have, after considerable hesitation, decided that there are reasonably safe grounds for assuming that we have tided over the worst of the present period of economic depression, and that there are prospects of a very slight improvement in our railway earnings next year. On this assumption we place our gross traffic receipts from commercial lines at 86.92 crores. Our other receipts will be slightly less owing to the reduction in our balance in the Depreciation Fund during the previous year and we finally place our total receipts at 87.84 crores. For our ordinary working expenses we have budgeted for a further reduction of 41 lakhs, but this is offset by the reduction by a half of the emergency cut in pay. The net increase in working expenses on account of this amounts to 65 lakhs, making the total increase 24 lakhs. We thus arrive at the following results :

	Crores.
Total receipts from commercial lines . . .	87.84
Total expenditure, including interest charges . . .	93.64

showing a loss on commercial lines of 5.80 crores. To this has to be added the estimated loss on strategic lines of 1.97 crores, giving a total deficit of 7.77 crores. Our contribution to the Depreciation Fund will be 13.75 crores, and the estimated expenditure therefrom 5.95 crores, so that the difference between the contribution and the expenditure will exceed the amount it is proposed to borrow by 3 lakhs, and the balance in the Fund at the end of the year should be 13.71 crores. It is interesting to note that if we had not had to adopt the

[Sir Guthrie Russell.]

temporary expedient of borrowing from the Depreciation Fund to meet our obligations, the balance in the Fund at the end of the year 1933-34 would have been 35·07 crores.

6. I am afraid the quotation of this mass of figures must have proved rather wearisome to the Council, and the tale of deficits must have made rather dismal hearing, but as I said at the commencement of my speech I shall endeavour to show that the situation is not quite so bad as it looks. Our net traffic receipts, that is total earnings less ordinary working expenses including our contribution to the Depreciation Fund, have in the past two years amounted to between 23 and 24 crores, and if we were a Board of Directors, meeting to decide what dividend we should declare to our shareholders, we would be in the happy position of, in these depressing days of railways earnings, being able to declare a dividend of about 3 per cent on our capital of approximately 800 crores. This, after making a very generous contribution to the Depreciation Fund. Actually, during the years 1931-32 and 1932-33, the contribution to the Fund has exceeded the requirements for these years by about 13½ crores. This being the position, I feel quite certain that at least a proportion of this mythical Board of Directors would have advocated the increasing of our dividend and the reduction of our contribution to Depreciation. I know of few Railways in the world which are in this position today. I do not know if many of the Hon'ble Members of this Council make a habit of reading the reports of other railway concerns throughout the world. If not, I would urge them to do so, as it would certainly tend to make them take a more optimistic view of Indian railway finances. Even the Canadian Pacific Railway, which is looked upon by many as the premier railway of the world, shows a drop of earnings of 41 million dollars in 1931 over the previous year. The situation in the United States of America is even worse. A few days ago I saw a report by a firm of American brokers which states that the results of 1932 show that the United States of America Railways have as a whole earned only 75 per cent. of their fixed charges. The report goes on to state that unless there is an improvement in traffic a number of railways will have to face the possibility of Receiverships during the present year unless there is a large expansion of Government aid.

7. Encouraging though these figures may appear, I feel quite sure that many Hon'ble Members of this Council will desire an assurance, and rightly so, that, even though our house is in better order than the houses of some others, the Railway Administrations are not sitting back in their chairs, and doing nothing to still further improve our position. How is this being done? There are only two methods by which our net earnings can be increased, either by an increase in our gross earnings, or by a reduction in our working expenses. Again, there are only two ways of increasing gross earnings, firstly by an increase in rates and fares. This, however, especially in these depressing times may prove to be a double-edged weapon, and if care is not taken the law of diminishing returns may begin to operate. The second way is to reduce rates to encourage traffic. I can assure the Council that possibilities in both these directions are being explored from day to day by the Railway Board and Railway Administrations throughout India.

8. Then as regards working expenses, I have shown that there has been a gradual reduction in these from year to year, but I must remind the Council that as the years go on these reductions must become less and less spectacular and though I do not say that even now every possible avenue of economy has been explored in the direction of saving money, there is a very definite limit beyond which it is not safe to go.

9. I mentioned in my speech last year the work of the Railway Sub-Committee of the Retrenchment Advisory Committee, and their recommendation that a small Committee of financial and railway experts should be appointed to undertake a full and detailed enquiry into the working of the various departments of the railway administration. I informed the House that it had not been possible to obtain suitable personnel for this enquiry, and the difficulty of obtaining a full representative committee of experts still persists. We are, however, extremely grateful to Sir Josiah Stamp, President of the London, Midland and Scottish Railway, for placing at our disposal during the present cold weather his economy expert, Mr. F. A. Pope, who has for some years past been engaged in analysing the work of many of the departments of the L. M. and S. Railway and showing how economies could be effected. Mr. Pope is now engaged on his investigation of our methods with the assistance of four of our senior railway officers especially selected for their intimate knowledge of the railway branches to which they belong. I feel confident that the enquiry will be of the utmost value ; all the more so because Mr. Pope has associated with him four officers possessed of many years' experience of Indian Railways. Mr. Pope will give us the value of his expert knowledge, and the officers associated with him will, with their experience of Indian procedure, best be able to apply his system of analysis to the many branches of work done on our railways.

10. It must be realised as inevitable that any reduction in working expenses means a reduction in staff. During the year 1932-33 Government found it necessary to resume retrenchment of railway staff which had, with minor exceptions, been suspended since July 1931. In all it was found that about 9,000 men were surplus, but to minimise hardship as far as possible it was decided to offer more favourable terms to encourage voluntary retirement, and I am glad to say that between four and five thousand, or about 50 per cent. of the whole, have already availed themselves of these terms. I think, moreover, it is probable that a good proportion of the balance will also do so as the terms of voluntary retirement have in certain instances been extended beyond the original time limit fixed, which was October 31st, 1932.

11. Retrenchment of staff has been inevitable but I do not wish the House to think that nothing constructive as regards staff has been done during the year. Though restricted by financial considerations we have made certain progress in matters affecting staff welfare. For instance, the Hours of Work Rules introduced originally on the North Western and East Indian Railways were extended to the Great Indian Peninsula and Eastern Bengal Railways ; and other railway administrations, to which the regulations have not yet been statutorily enforced, have been instructed constantly to revise their hours of work where the latter are unreasonable, so as to bring them into conformity with the new rules, and the Railway Board are keeping closely in touch with this important question.

12. In my speech last year I also alluded to Staff Benefit Funds and Relief of Indebtedness among the lower paid staff and progress has been made in both directions. Staff Benefit Funds which were introduced on State-managed lines in 1931 have been, or will shortly be, introduced on all Company-managed lines, and a Lower Paid Staff Fund to relieve indebtedness among the lower ranks of the staff is now in existence on the East Indian and the North Western Railways. Should the results of working show that it is a success, the extension of the principle will be recommended to other railways.

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13. There is one factor which has undoubtedly had an effect on our railway earnings. I refer to motor competition. The House has doubtless seen allusions in the Press to an enquiry recently undertaken for the Government of India into the subject of co-ordination of the road and rail systems of transport of the country. As is well known, road development and motor transport have made considerable strides in India during the last few years and have been especially stimulated by the inauguration of the Central Road Development account which was the principal outcome of the Indian Road Development Committee. Much has been done to improve the standard of main trunk roads in India to make them suitable for motor traffic, and as many of these main trunk roads run side by side with railways, the public motor vehicles plying over them have to some extent been taking traffic from the railways, especially short distance passenger traffic. We have no reason to think that this process has developed very far in India, but in other countries competition between road and rail transport has grown to such an extent as to be wasteful and uneconomic, and it is important that we should learn by the experience of other countries and avoid their mistakes. This can probably best be done by adopting as early as possible a policy of co-ordinating the two systems of transport so that they become complementary and not competitive. With this end in view Government last year appointed a small touring committee who were instructed to visit all Provinces to consult Local Governments, Railway Administrations and public bodies on this important question. The Committee were asked to prepare a Report which has just been published and which will form the basis of discussion at a conference which Government intend to hold in April. Government propose to invite to this Conference not only the representatives of Local Governments and Railways, but also of unofficial bodies interested in the motor industry and road development. It is hoped that as a result of the deliberations of this Conference a well balanced policy will be formulated for correlating and developing the two forms of transport so as to give India the best and most economical transport system.

14. I must now once again enter the realm of figures while I give a short account of our activities on new works during the current year and place before the Council our capital and depreciation fund programme for the ensuing year. We have been pressed from many sides to undertake a large programme of new construction and rehabilitation with the object of stimulating trade and industry, and of being in a position to meet the trade revival when it comes. There is a certain amount of force in the arguments used, and we have not lost sight of these in framing our programme for the ensuing year. This has been designed to help trade and industry, to place the Railways in a position to meet any increase of traffic which can reasonably be expected, and to ensure more economical working. It may be considered that we have not gone as far as we might have done, but it must be remembered that though an increase in our works programme may give a temporary stimulus to trade and industry, unless there are very definite prospects that the works undertaken will be remunerative in the near future, the result will be the saddling of Railways with a load of debt which would require to be met with a further increase in rates and fares, a contingency which we are particularly desirous of avoiding as it must react on trade and industry and delay their revival. We believe our programme allows for all really essential works. For example, the construction of the Chambal and Sindh Bridges on the Great Indian Peninsula Railway, which with the completion of the relaying beyond Jhansi, which it is hoped to undertake within the next two years, will enable heavy engines,

with consequent heavier loads, to run between Bombay and Delhi. This will increase the capacity of the line and ensure more economical working. Then the replacement of 3,000 uneconomical wagons with 2,500 wagons of higher tare capacity will cheapen the cost of transport and maintenance. We hope that these 2,500 wagons are only a first instalment, and that we shall be able in succeeding years to continue this renewal policy, and if traffic justifies it, speed it up. I would also draw attention to the reconstruction of the Nerbudda Bridge on the Bombay, Baroda and Central India Railway. This will remove the last weak link on that Railway's main line to the north. The only other important works to which reference need be made are the remodelling of the Salt Cotaurs Yard on the Madras and Southern Mahratta Railway near Madras, and the remodelling of Hubli Station on the same Railway, both works overdue. As regards new construction, about 2/3 crore is being spent during the current year and 32 lakhs had been allowed for the year 1933-34. These sums have been provided to complete works already started during the more prosperous years, and no new projects are being undertaken. We have, however, not lost sight of the fact that when prosperity returns there will be a demand for new Railways to develop the country. For example, we have just completed a fresh engineering survey of the Bombay-Sind connection, and we are now undertaking a fresh traffic survey so that we may be in a position to start work on this very important work when and if traffic justifies. In the result our programme necessitates the provision of 5½ crores from the Depreciation Fund, and 3 crores of capital during 1932-33. This is to a certain extent offset by allowing for a reduction of 1½ crores in stores balances, giving a total expenditure from capital and depreciation of 7 crores during the year. During 1933-34 our expenditure on open line works under capital and depreciation is expected to amount to 10½ crores, of which 6 crores will be derived from the Depreciation Fund. Of this amount 1½ crores is required for work in progress, about 4½ crores for track renewals, and 2½ crores for rolling stock. We anticipate a further reduction of about 1½ crores in stores balances, so the net expenditure under capital and depreciation will amount to about 9 crores.

15. I would be failing in my duty if before I sat down I did not bring to the notice of the Council the valuable services which have been rendered to the country by the Agents, officers and staff of all Railways during the current year. This year, like its predecessor, has been a difficult one. In fact in many ways it has been more difficult than its predecessor in that whereas in that year the cut in pay only operated for 3 months, this year it has been in operation for the full 12 months. In addition various allowances have had to be reduced or withdrawn altogether. Despite this, generally everyone has shown the same devotion to duty and given the same loyalty as we have come to expect from our railway officers and staff. I must also make some reference to the changes which have occurred in the personnel of the Railway Board during the past year. We have lost the services of Sir Alan Parsons, Mr. Hannay, Mr. Brayshay, and Mr. Hayman, but I am glad to say the services of the first three are not lost to the country, and though Sir Alan Parsons may have gone to another Department of the Government of India he is at all times ready and willing to help the Railways in their problems. Mr. Hannay and Mr. Brayshay continue to render valuable services to the Railways of India, one as the Agent of a State-managed Railway, the other as the Agent of a Company-managed Railway. Mr. Hayman has, however, definitely severed his connection with Indian Railways. Mr. Hayman has had a great career. Starting at the lowest rung of the ladder, he climbed to the top purely by merit. The vast knowledge which he accumulated in the

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various important posts which he has held and his outstanding ability were of immense value to the Railway Board and the Government of India, and his place will be difficult to fill. I am quite sure the Council would desire me to wish him success in his new sphere of activity. Also during this year we have lost the services of Sir B. N. Sarma, for close on 7 years President of the Rates Advisory Committee. During his tenure of office Sir B. N. Sarma has always had the confidence of the Commercial Community and the Railway administrations in the difficult tasks he has had to perform. His death is a great loss to India. (Applause.)

DEATH OF SARDAR BAHADUR SHIVDEV SINGH UBEROI.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House): Sir, may I with your permission mention the great loss that India has suffered through the death of Sardar Bahadur Shivdev Singh Uberoi, Member of the Secretary of State's Council, who in order to take up that appointment had a short while ago resigned the Membership of this House. He was a colleague with whom it was a pleasure to work. I had known him for something like 30 years and more. At that time he was just starting upon his career as a public man devoting himself to local self-government and commanded a great deal of popularity in his city—the city of Sialkot. Later on, he devoted himself to providing educational facilities for his great community in the Punjab. It was for years that he laboured in that cause and achieved very considerable success indeed. He was as a Member of the Secretary of State's Council very much admired and appreciated by his colleagues and in the short time that he was there his influence on the politics of his community here was always for good. A sober, sane, sound, sincere politician, he consistently worked for the advancement of his community and did not hesitate to point out to them their mistake in case he felt that they were not going in the direction which in his judgment was in their best interests. It was through his efforts that only recently in the competitive examination of the Indian Civil Service Punjabi was introduced as a vernacular which the candidates could take up. His educational services were not limited to his efforts in helping the Educational Conference of the Sikh community, but he devoted himself also to helping the great educational institution, the Khalsa College at Amritsar. The loss of a colleague, Sir, is always a sad affair, but in this case the loss was so untimely and so sudden that the news of his death came as a very great shock indeed to those who knew him. I have no doubt, Sir, the House would like you to be so good as to convey to the family of Sardar Bahadur Shivdev Singh Uberoi the sincerest condolences of the House.

THE HONOURABLE SARDAR BUTA SINGH (Punjab Sikh): Sir, I entirely associate myself with the words that have fallen from the Honourable the Leader of the House. Sardar Bahadur Shivdev Singh Uberoi for many years was a Member of this House and represented his constituency with great ability and distinction. I need hardly say that I not only feel the loss of a personal friend but of a distinguished public man who gave the best of his life to the good of his community and his country. He accepted his appointment on the Council of the Secretary of State with no other motive but to present the cause of the Khalsa which was and is not now represented in the Cabinet of His Excellency the Viceroy and that of the Secretary of

State. His charming manners won for him the friendship of all those with whom he came in contact, and if he had been spared, he would have been of immense use in these critical days when there is nothing more desirable than that there should be most friendly feeling between Englishmen and Indians so that we may embark on this new adventure as partners and friends. I am sure, Sir, the whole House associates itself with what has been said by the Honourable the Leader of the House and the condolence message which is to be sent to the bereaved family.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadian) : Sir, I associate myself with the expression of tribute which the Honourable the Leader of the House and the Honourable Sardar Buta Singh have paid to the memory of the late Honourable Sardar Shivdev Singh Uberoi. I had the privilege of having his friendship for a period of over 35 years and during that period I was able to come into close contact with him, and in Sardar Shivdev Singh Uberoi I found an ardent public worker, a faithful friend and a person who had always in his heart the welfare of India. In him we have lost a great and popular personality and I join in the wish that our condolences and expressions of sorrow be conveyed to the members of his family.

THE HONOURABLE THE PRESIDENT : I also desire to associate myself with all that has fallen from the Honourable the Leader of the House and other Honourable Members. I knew Sardar Shivdev Singh Uberoi for many years in this Council. He was a very enthusiastic Member of this Council and he always fought very strongly and powerfully for the Sikh community and their rights and privileges in this Council. He was a man of charming manners and genial temperament and he was liked and respected by all the Members of this Council. I shall convey, Honourable the Leader, to his bereaved widow the message of sympathy and condolence of this House in her heavy bereavement.

STATEMENT OF BUSINESS.

THE HONOURABLE THE PRESIDENT : Has the Honourable the Leader of the House any statement to make regarding the future course of public business ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House) : There is no business for tomorrow, Sir. Saturday, as Honourable Members are aware, has been allotted for the general discussion of the Railway Budget. On Monday next the business will include motions for the consideration and passing of the Bill which has been introduced today and of the three Bills which have been laid on the table today. Tuesday next is a non-official day, while Wednesday and Thursday in next week are, I understand, holidays, on which, so far as can be foreseen at present, it will not be necessary to ask the Council to sit.

The Council then adjourned till Eleven of the Clock on Saturday, the 18th February, 1933.

COUNCIL OF STATE.

Saturday, 18th February, 1933.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

FUTURE SCALES OF SALARIES AND ALLOWANCES FOR THE SUPERIOR SERVICES.

19. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly state whether they have now arrived at a decision as regards scales of salaries and allowances for new entrants to superior services ? If so, what is this decision in detail ? If not, when is such decision likely to be arrived at ?

THE HONOURABLE MR. J. B. TAYLOR : The matter is still under the active consideration of Government. The new scales will be at reduced rates, and it is hoped that the final decision will be arrived at shortly.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will the final decision be arrived at before the end of the Council session and before the new financial year begins ?

THE HONOURABLE MR. J. B. TAYLOR : I do not think so, Sir. I do not see any possibility of it.

VOLUNTARY REFUND OF COACHING AND GOODS FREIGHT OVERCHARGED BY STATE RAILWAYS.

20. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly state whether it is a fact that the voluntary refund of coaching and goods freight overcharged by Indian State Railways has recently been stopped ? If so, will Government please give detailed information on this matter and also give reasons which justified this action and also state the total amount of yearly saving the Railways expect therefrom ?

THE HONOURABLE SIR GUTHRIE RUSSELL : The practice of exhibiting at stations lists of overcharges detected in Audit Offices was discontinued some time ago on the ground that it involved a considerable amount of work in Accounts Offices and the system was open to abuse and fraud. The whole question is now under re-consideration.

EXTENSION OF THE LIVES OF THE LEGISLATURES.

21. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly state whether the Provincial and Central Legislatures when their present terms expire will be given an extension till the new constitution comes into force ? If not, will there be new elections under the present constitution ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : The power to extend the lives of the Central and Provincial Legislatures, if in special circumstances they so think fit, is vested in the Governor General and Governors of Provinces. Government are not in a position to make any statement, except that the matter is now under consideration and the decisions will be announced as soon as possible.

TELEGRAPH POLES.

22. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : (a) Will Government kindly state the total number of iron or steel poles used by the Indian Telegraph Department to carry the telegraph or telephone wires and also state their cost ?

(b) What is the number of such poles used mainly for Railways ?

(c) How many such poles and of what value were used for additions or renewals every year from 1920 to 1932 ?

(d) Are wooden poles used instead of iron or steel ? If so, in what proportion and what percentage of cost do these bear in proportion to iron or steel poles ?

(e) Have Government at any time considered the possibility and desirability of using wooden poles instead ? If so, with what result ?

(f) Are there any areas in British India where wooden poles are in use ? If so, where and what is the number ?

(g) Is it a fact that in Mysore State and Kashmir State a large number of wooden poles are used for this purpose and what is their number ?

(h) Is there any difficulty in using wooden poles throughout India and Burma ? If so, what ? Cannot such difficulty, if any, be overcome ? Is there any country in Europe or British Isles (Great Britain) where wooden poles are not used for this purpose ? If so, which ?

THE HONOURABLE MR. J. A. SHILLIDY : The compilation of the information would involve labour and expenditure out of all proportion to the value of the information supplied. It is however the case that iron posts are in much more general use than wooden posts for the following reasons :

- (1) Iron posts are far more durable than wooden posts and are less subject to deterioration due to climatic conditions.
- (2) Recurring charges for replacement and maintenance of wooden posts are far greater than in the case of iron posts.
- (3) Except in certain localities the freight and carriage of wooden posts would be far heavier than those of iron posts which are specially designed for easy transport.

The possibility and desirability of using wooden posts have been considered from time to time and it has been found economical to use wooden posts only on light telegraph lines in places where suitable timber is available locally, such as Kashmir.

SLEEPERS PURCHASED BY STATE RAILWAYS.

23. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly state the number and total value of (i) broad gauge, (ii) metre gauge, (iii) narrow gauge railway sleepers (a) of timber, (b) of metal purchased yearly by State Railways in India since 1919 and what is the price and average life of each kind of sleeper ?

THE HONOURABLE SIR GUTHRIE RUSSELL : I lay on the table a statement containing such information as is readily available covering the last five years. I regret information for earlier years cannot be compiled without an undue expenditure of time and labour.

Statement showing the number and value of timber and metal sleepers purchased by Class I Railways (excluding Burma) during period 1927-28 to 1931-32, the prices per sleeper in recent contracts and the estimated average life.

Year.	Timber sleepers.					Metal sleepers.					
	Number purchased.			Total value (in lakhs of Rs.).	Price per sleeper in recent contracts.		Estimated average life.	Total value (in lakhs of Rs.).	Price per sleeper in recent contracts.		Estimated average life.
	B. G. (In lakhs.)		N. G.		B. G. M. G. N. G.	B. G. (In lakhs.)			M. G. lakhs.)		
1927-28	28.08	15.14	*1.39	†281.82	Rs. 3-2-0 to Rs. 5-14-0 according to species. Rs. 2-4-0 to Rs. 3-8-0 according to species. Rs. 1-7-0. 7 to 20 years according to species and to local conditions under which the sleepers are used.	*32.82	*7.27	†259.69	B. G. M. G.	30 to 35 years, but this is a conservative estimate and some metal sleepers may last as long as 50 years.	
1928-29	21.74	14.20	*.83	†266.89		*19.35	*5.47	†202.11	B. G. M. G.		
1929-30	22.20	15.43	1.30	†237.41		*16.63	*1.47	†105.02	B. G. M. G.		
1930-31	14.87	11.47	1.31	†174.65		*4.69	*.14	†33.99	B. G. M. G.		
1931-32	21.23	11.17	1.30	†159.48		*9.31	..	†63.47	B. G. M. G.		

* These figures indicate the number of sleepers paid for by Class I Railways (except Jodhpur and Nizam's State Railways).

† These amounts indicate the value of sleepers purchased by Class I Railways (except Jodhpur and Nizam's State Railways).

INDIAN COTTON TEXTILE INDUSTRY.

24. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly state what action they propose to take to save the Indian cotton textile industry from disaster as a result of heavy dumping from Japan ? If no action is proposed, why ?

THE HONOURABLE MR. J. C. B. DRAKE : The attention of the Honourable Member is invited to the Government of India, Department of Commerce, Resolution No. 341-T. (34), dated the 30th August, 1932, and the Notification bearing the same number and date, both of which were published on that date in a Gazette of India Extraordinary. Since then the Government of India have received the Tariff Board's report on the question of the continuance of protection to the cotton textile industry and this report is under consideration.

PUBLIC SERVICE COMMISSION.

25. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government be pleased to state the number of occasions on which they have accepted the minority as opposed to the majority view of the Public Service Commission on a question referred to the Commission ?

THE HONOURABLE MR. M. G. HALLETT : The information is not readily available and I regret I cannot undertake to collect it. I would state, however, that within the Commission the decision of the majority prevails, though it is open to any Member to write a note of dissent which may be forwarded to the Government of India at the discretion of the Chairman. In regard to the acceptance by the Government of India of the advice tendered by the Public Service Commission a convention exists that in regard to certain classes of cases their advice should be accepted save in exceptional circumstances. It is the desire and the practice of the Government of India that departures from the convention should be as few as possible and it is only in very rare cases that they have departed from it. 70511

FUNCTIONS OF THE SUGAR COMMITTEE.

26. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : (a) Will Government be pleased to state what are the functions of the Sugar Board maintained by the Government of India and who are the members thereof ?

(b) Are the members honorary or do they draw salary ? If they are stipendiary, will Government be pleased to state what are their individual salaries per month ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : (a) No Sugar Board is maintained by the Government of India. If the Honourable Member is referring to the Sugar Committee appointed by the Imperial Council of Agricultural Research, I may state that its functions briefly are (i) to advise as to the steps which should be taken to assist the Indian sugar industry ; and (ii) to examine and advise on such schemes of research for the improvement of sugarcane cultivation and the manufacture of sugar in India as may be received by the Council and to suggest directions in which such research should be undertaken. A list of the members of the Committee has been placed on the table of the House.

(b) The members are all honorary.

List of the members of the Sugar Committee appointed by the Imperial Council of Agricultural Research.

1. Diwan Bahadur Sir T. Vijayaraghavacharya, K.B.E., Vice-Chairman, Imperial Council of Agricultural Research, *Chairman*.
2. The Agricultural Export Advisor to the Imperial Council of Agricultural Research.
3. Chowdhry Mukhtar Singh, Pleader, Meerut City.
4. R. G. Allan, Esq., I. A. S., Director of Agriculture, United Provinces.
5. Walchand Hirachand, Esq., Phoenix Building, Ballard Estate, Fort, Bombay.
6. Khan Bahadur Fatah-ud-Din, B.A., M.R.A.S.(E.), A.R.H.S., I.A.S., Deputy Director of Agriculture, Jullundur Circle, Jullundur City.
7. D. R. Sethi, Esq., Director of Agriculture, Bihar and Orissa.
8. Dr. W. McRae, M.A., D.Sc., Director, Imperial Institute of Agricultural Research, Pusa.
9. M. R. Ry. Rao Bahadur T. S. Venkataraman, Avl., B.A., I.A.S., Government Sugarcane Expert, Imperial Sugarcane Breeding Station, Lawley Road P. O., via Coimbatore.
10. Lala Har Sahai Gupta, Zamindar of Bilari, Bilari P.O., District Moradabad, United Provinces.
11. Sardar Bahadur Sir Sundar Singh Majithia, K.C.I.E., Zamindar, Punjab, Majithia House, Albert Road, Amritsar.
12. S. V. Ramamurthy, Esq., I.C.S., Director of Agriculture, Madras Presidency.

(Rai Sahib Malik Charan Das, *Secretary*.)

Co-opted members.

13. Noel Doorr, Esq., Begg, Sutherland and Co., Cawnpore.
14. F. A. Sherwani, Esq., Maharajganj Sugar Co., Ltd., Maharajganj, District Saran.
15. Haji Abdoola Haroon, M. L. A., Napier Road, Karachi.
16. J. F. Miller, Esq., The Belapur Co., Ltd., P. O. Harigaon, District Ahmednagar.
17. Sarangdhar Das, Esq., Dhenkanal Estate, P. O. Dhenkanal (Orissa).
18. Khan Bahadur Sayid Muhammad Hadi, Director of Agriculture, Bhojal.
19. Lala Hari Raj Swarup, M. L. A., Rais, Rambagh, Muzaffarnagar (United Provinces).

SUGAR TECHNOLOGIST, CAWNPORE.

27. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: Will Government be pleased to state if it is a fact that there is a Sugar Technologist of the Government of India at Cawnpore on a monthly salary of Rs. 2,000 (two thousand) ?

(a) What is his name and what are his qualifications ?

(b) Has he any special research work on sugar or sugarcane to his credit ?

(c) Is he being paid from the funds of the Imperial Council of Agricultural Research ?

(d) Has he submitted any report of the total yield of Indian sugar in 1932 to Government ?

(e) Will Government be pleased to state what is the amount of sugar produced in India by purely Indian factories and what is the amount of sugar produced in factories in India managed by Europeans ?

(f) What is the amount of sugar imported to India in 1932 ?

(g) Has there been a better and larger output of Indian sugar since the protection given to the sugar industry in 1932 ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : The Sugar Technologist of the Government of India at Cawnpore is drawing a pay of Rs. 1,800 per mensem.

(a) Mr. R. C. Srivastava. He holds the degree of Bachelor of Science and was trained in Sugar Chemistry and Engineering in England. He was engaged in the sugar industry in India from 1916 to 1928, latterly as Manager and Director of a large up-to-date factory. During that period he designed, erected and operated factories. From 1928 he was Deputy Director of Industries, United Provinces, and was closely associated with the sugar section of the Harcourt Butler Technological Institute.

(b) Yes. He has carried out experimental work in the designing of sugar machinery suitable for Indian conditions.

(c) Yes.

(d) Not yet. The 1932-33 season is still in progress.

(e) This information is not available.

(f) Approximately 418,000 tons.

(g) Yes ; preliminary reports indicate that there has been a substantial increase in the production of sugar in India during 1932-33 but complete figures are not yet available as the season is still in progress.

SUGARCANE TESTING AT MANIPUR AGRICULTURAL FARM, DACCA.

28. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : 1. Is sugarcane testing done at Manipur Agricultural Farm, Dacca, at the instance of the Imperial Council of Agricultural Research by the Agricultural Chemist of Dacca ? If so, will Government be pleased to lay on the table the report or reports so far received by them from him ?

2. Do the Imperial Council of Agricultural Research give any grant to the Manipur Agricultural Farm, Dacca, for sugarcane testing and for research work on *cattle-fodder* in Bengal ? If so, what is the total amount of the grant ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : 1. Yes. No report on the results of the tests is expected until the completion of the present sugarcane crushing season.

2. In 1931-32 the Imperial Council of Agricultural Research sanctioned (i) a grant of Rs. 13,050 for sugarcane seedling testing station, and (ii) a grant of Rs. 48,590 for the appointment of a Physiological Chemist to study animal nutrition at Dacca.

CONDITION OF CATTLE AND QUALITY OF CATTLE-FODDER IN BENGAL.

29 THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : (a) Do Government keep themselves informed of the condition of cattle in Bengal ? If so, will they make a statement on the condition of cattle and their fodder in Bengal ?

(b) Has the Agricultural Chemist or the Economic Botanist of Manipur Agricultural Farm submitted any report of his work on cattle-fodder in Bengal ? If so, will Government be pleased to lay on the table his report or make a statement thereon ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : (a) and (b). The question of the condition of cattle and the quality of fodder in any particular province is primarily the concern of the Local Government. The Imperial Council of Agricultural Research made a grant of Rs. 48,590 spread over five years for the appointment of a Physiological Chemist under the direct control of the Agricultural Chemist, Bengal, to study animal nutrition problems at Dacca. The work started on the 2nd January, 1932 and a copy of the first report which has been received has been placed in the Library of the House.

GRANTS OF IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH TO PROVINCES FOR RESEARCH WORK.

30. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : (a) Will Government be pleased to state if the Imperial Council of Agricultural Research give grants to all the provinces of India? If so, what are the respective quota?

(b) Will Government be pleased to make a statement on the different kinds of research work that are being done by the scientific experts in all the provinces of India except what is done at Manipur Agricultural Farm, Dacca?

(c) Do Government receive reports of the results of research work from all the provinces? If so, will Government be pleased to state the results of this research work, province by province?

(d) If Government do not receive reports of the results of research work from the provinces will they kindly state why they do not call for them?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : (a) The Imperial Council of Agricultural Research makes grants for the carrying out of schemes of agricultural, veterinary and animal husbandry research on problems of all-India importance, to central as well as provincial institutions. No grants are made on the basis of a provincial quota. In making these grants the primary consideration is where a particular scientific investigation can most effectively be carried out.

(b) Presumably the Honourable Member desires information in regard to the schemes financed by the Imperial Council of Agricultural Research. A copy of the report of the Council for 1931-32 is placed in the Library of the House together with a statement of schemes which have since been sanctioned and for which funds have been allotted by the Council.

(c) Yes. Each Provincial Government publishes annually reports on the research work of its agricultural and veterinary departments. The Imperial Institute of Agricultural Research, Pusa, and the Imperial Institute of Veterinary Research, Muktesar, also issue annual reports on the research work of the Year. These reports are summarised and results reviewed in the "Review of Agricultural Operations in India," which is now a biennial publication. The latest number of this review is in the press and a copy will be placed in the Library of the House in due course. For a brief summary of the results achieved by the various departments of agriculture I would invite the Honourable Member's attention to pages 170 to 216 of "India in 1930-31," a copy of which is available in the Library of the House.

(d) Does not arise.

FUNCTIONS OF THE EMPIRE MARKETING BOARD OF ENGLAND IN INDIA.

31. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
(a) Will Government be pleased to state the functions of the Empire Marketing Board of England in India ?

(b) What is the connection of the Government of India with the Empire Marketing Board of England ?

(c) Does the Empire Marketing Board of England receive any facilities from the Government of India ?

(d) Is there any local Board in Bengal of the Empire Marketing Board of England ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : (a) The Empire Marketing Board was established with the object of encouraging and developing the greater use of British Empire products in the United Kingdom. This object has been achieved by means of propaganda, publication of market and other economic information, and promotion of scientific research on such natural products as are supplied or could be supplied by the Empire. A copy of the Board's report for the period May, 1931 to May, 1932 is available in the Library of the House. The Board undertakes no operations in India but has made grants for agricultural research in this country from the Empire Marketing Fund which has been established by His Majesty's Government. These grants have been made through the Imperial Council of Agricultural Research.

(b) The Government of India is represented on the Board by Mr. Lindsay (Indian Trade Commissioner in London), who is also a member of the Board's Research Grants Committee, Publicity Committee and Agricultural Economics Committee. The Imperial Council of Agricultural Research is an official correspondent of the Board and undertakes the dissemination in India of information received from the Board.

(c) The Imperial Council of Agricultural Research and the Indian Trade Commissioner furnish the Board with all available information relating to Indian natural products which are likely to find a market in the United Kingdom. The whole cost of the Board is borne by His Majesty's Government.

(d) No.

RESEARCH WORK ON RICE CULTIVATION IN BENGAL.

32. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
(a) Is there any research work being carried on on better rice-breeding in Bengal? If so, at whose instance and who are financing the cost of such work?

(b) Has the Imperial Council of Agricultural Research given any money for this purpose? If so, what is the total amount?

(c) Have Government received any report from the scientist who is engaged in the research work for better rice-breeding in Bengal? If so, will they be pleased to make a statement on it or lay on the table the report of that scientific expert?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : (a) and (b). The Economic Botanist to the Government of Bengal has been engaged largely on research on rice for the last 25 years. At the instance of the

Government of Bengal, the Imperial Council of Agricultural Research has agreed to make a contribution of Rs. 78,161 (spread over five years) to a further scheme of research and has obtained an additional grant of equal amount from the Empire Marketing Board, England, thus making a total of Rs. 1,56,322.

(c) The research work was started in April, 1932 and as only annual reports are required by the Council no report has yet been received. Particulars of the scheme will be found in paragraph 8 and Appendix V of the Report of the Imperial Council of Agricultural Research for 1929-30, and 1930-31, a copy of which is available in the Library of the House.

AIMS AND OBJECTS OF THE EMPIRE MARKETING BOARD OF ENGLAND IN INDIA.

33. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Will Government be pleased to state what are the aims and objects of the Empire Marketing Board of England in India ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : I would refer the Honourable Member to the reply just given by me to part (a) of his question No. 31.

AGRICULTURAL RESEARCH INSTITUTE, PUSA.

34. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : (a) Will Government be pleased to state the annual cost of maintaining the Agricultural Research Institute at Pusa ?

(b) What is the strength of the staff and what amount is being spent for the salaries of the members of the staff ?

(c) Will Government be pleased to state the salaries drawn by individual members of the staff ?

(d) Who on the staff are on the permanent cadre and who are on the officiating list ?

(e) Will Government be pleased to state when the vacancies in the said Institute will be permanently filled up ?

(f) Will Government be pleased to state if the post of Physical Chemist of the said Institute is vacant ?

(g) If so, will Government be pleased to state when it will be filled up ?

(h) Was there any suitable candidate for the post holding the degree of Doctorate of the University of London ? If so, why was he not taken in ?

(i) Will Government be pleased to state if research work on soil is being at present done at the said Institute ? If not, why not ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : (a) A provision of Rs. 9,71,500 was made for the maintenance of the Pusa Institute and its sub-stations in the budget for 1932-33.

(b), (c) and (d). A statement giving the necessary information in regard to the gazetted staff is laid on the table.

(e) It is proposed to fill up the vacancies as soon as circumstances permit.

(f) The post of Physical Chemist has been abolished.

(g) and (h). Do not arise.

(i) Yes.

List of gazetted staff of the Pusa Institute.

Serial No.	Name of post.	Whether the incumbent is permanent or officiating.	Gross salary per month (excluding emergency pay).	Remarks.
	CLASS I.		Rs.	
1	Director and Imperial Mycologist.	Permanent .	2,250 + £13-6-8 (Overseas pay).	
2	Imperial Economic Botanist and Joint Director.	Do. .	1,800 + £30 (Overseas pay).	
3	Imperial Entomologist .	Vacant .	..	
4	2nd Entomologist (Dipterist).	Permanent .	1,050	Officiating as Imperial Entomologist.
5	Imperial Agricultural Chemist.	Vacant .	..	
6	Imperial Agriculturist .	Do. .	..	
7	Supernumerary Agriculturist.	Permanent .	1,450 + £30 (Overseas pay).	Officiating as Imperial Agriculturist.
8	Physiological Chemist .	Do. .	1,650 + £30 (Overseas pay).	
9	2nd Imperial Economic Botanist.	Vacant .	..	
10	Imperial Dairy Export .	Permanent .	950	
11	Sugarcane Export .	Do. .	1,050	
12	2nd Cane Breeding Officer	Do. .	550	
	CLASS II AND OTHER GAZETTED POSTS.			
1	1st Assistant to Imperial Entomologist, Class II.	Permanent .	800	
2	1st Assistant to Imperial Agricultural Chemist, Class II.	Do. .	650	
3	1st Assistant in charge Bacteriological Section, Class II.	Do. .	675	
4	1st Assistant to Physiological Chemist, Class II.	Do. .	580	
5	1st Assistant to Imperial Agriculturist, Class II.	Do. .	480	
6	Cattle Superintendent, Pusa, Class II.	Do. .	500	
7	1st Assistant to Imperial Mycologist, Class II.	Do. .	480	
8	Research Assistant, Mycological Section;	On probation	250	

Serial No.	Name of post.	Whether the incumbent is permanent or officiating.	Gross salary per month (excluding emergency cut).	Remarks.
	CLASS II AND OTHER GAZETTED POSTS— <i>contd.</i>		Rs.	
9	1st Assistant to Imperial Economic Botanist	Officiating	300 in place of permanent incumbent on other duty.	
10	1st Assistant to Sugarcane Export, Class II.	Permanent	525	
11	Assistant to Imperial Agricultural Bacteriologist, Class II.	Vacant	..	The permanent incumbent has been appointed temporarily in Mosaic Scheme.
12	Assistant to Imperial Entomologist, Class II.	Do.	..	} Pay not yet fixed.
13	Statistician, Class II	Do.	..	
14	Superintendent, Imperial Cattle Breeding Farm, Karnal.	Permanent	710	
15	Superintendent, Imperial Institute of Animal Husbandry and Dairying, Bangalore.	Do.	820	
16	Electrical Engineer	Do.	270	
17	Assistant to Imperial Agricultural Bacteriologist.	Do.	300	
18	Temporary Research Assistant, Botanical Section.	Temporary	250	The post is temporary.

WATER-SUPPLY ARRANGEMENTS AT DEHRA DUN.

35. THE HONOURABLE MR VINAYAK VITHAL KALIKAR (on behalf of the Honourable Sardar Shri Jagannath Maharaj Pandit): Will Government be pleased to state:

(a) What are the present sources and arrangements for water-supply to the different Government buildings, offices, and institutions at Dehra Dun, and in particular the new Indian Military Academy and the Prince of Wales' Royal Military College?

(b) Whether it has been suggested that the present water-supply of Dehra Dun is not good enough for its purpose?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN:
(a) All drinking water in Dehra Dun is obtained from hill sources, viz., springs or small streams emanating from the hill sides below the Mussoorie hills. Arrangements for the supply of water to the Cantonments are in the hands of the Military Engineering Service; to the Forest Research Institute, the

Royal Military College and the Indian Military Academy in the hands of the Public Works Department and the Military Engineering Service and to other Government buildings in the locality in the hands of the municipality.

(b) All water from hill sources in the neighbourhood of Dehra Dun is likely to be hard, but Government have had no complaints that the water is not good.

GRATUITY TO FAMILIES OF SUBORDINATE EMPLOYEES WHO DIE WHILE IN SERVICE.

36. THE HONOURABLE MR. VINAYAK VITHAL KALIKAR (on behalf of the Honourable Sardar Shri Jagannath Maharaj Pandit) : Will Government be pleased to state :

(a) Whether there has been experienced a steady increase every year in the rate of deaths of subordinate employees who die while in service ?

(b) Whether it is a fact that the families of such employees are paid nothing in consideration of the service of the deceased employees ?

(c) Whether it is a fact that families of such deceased subordinate employees are almost in all cases left without any support or any means to live on ?

(d) Whether any provision exists at present whereby families of employees of superior services receive a sort of pension or gratuity in the case of deaths of such superior servants while in service ?

THE HONOURABLE MR. J. B. TAYLOR : (a) No. Statistics show that the mortality rate of subordinate Government officers in service has steadily fallen in recent years.

(b) Except in exceptional circumstances, yes.

(c) Government have no information but have no reason to believe that this is the case.

(d) The families of pensionable members of the superior services who die in service receive nothing except from family pension funds which in the main are financed by the subscriptions of the members themselves.

PENSION RULES OF THE SUBORDINATE SERVICES.

37. THE HONOURABLE MR. VINAYAK VITHAL KALIKAR (on behalf of the Honourable Sardar Shri Jagannath Maharaj Pandit) : Will Government be pleased to state :

(a) Whether it is a fact that the pension rules of the subordinate services at present in force were passed some forty years ago ?

(b) Whether it is a fact that the Bombay Government, who had previously the same pension rules for their subordinate employees as those framed by the Government of India, have, with effect from 1929, revised their pension rules so as to lessen the duration of service for the purpose of qualifying for pension ?

(c) Whether it is a fact that subordinate employees of the Government of India and those of the Bombay Government working in the same locality, e.g., Bombay, are now governed by different pension rules?

THE HONOURABLE MR. J. B. TAYLOR : (a) Yes.

(b) The rules issued by the Government of Bombay in 1929 reduce by less than a year, in the normal case, the period of service requisite to qualify for full pension.

(c) Yes.

(1) GRATUITY TO THE FAMILIES OF SUBORDINATE EMPLOYEES WHO DIE WHILE IN SERVICE.

(2) PROPORTIONATE PENSION TO SUBORDINATE EMPLOYEES.

38 THE HONOURABLE MR. VINAYAK VITHAL KALIKAR (on behalf of the Honourable Sardar Shri Jagannath Maharaj Pandit) : Will Government be pleased to state :

(a) Whether it is a fact that under the pension rules in force at present, no pension or gratuity is admissible to the widows or minor children of subordinate employees deceased while in service?

(b) Whether it is a fact that employees are eligible for a proportionate pension after putting in qualifying service for ten years and over?

(c) Whether it is a fact that production of an invalid certificate is in all cases required before the proportionate pension mentioned in (b) above is granted?

(d) Whether any such pension sanctioned is paid to the retired employee during the remaining tenure of his life?

(e) Whether it is a fact that the pension is a sort of consideration for the faithful services of the employees?

THE HONOURABLE MR. J. B. TAYLOR :—(a) The Honourable Member will find an answer to this in my reply to part (b) of his question No. 36.

(b) Pensions are ordinarily admissible after 10 years' service only if the Government servant is invalided, superannuated or compulsorily retired.

(c) No.

(d) and (e). Yes.

HOURS OF ATTENDANCE OF THE MINISTERIAL STAFF OF THE NEW CUSTOM HOUSE, BOMBAY.

39. THE HONOURABLE MR. VINAYAK VITHAL KALIKAR (on behalf of the Honourable Sardar Shri Jagannath Maharaj Pandit) : Will Government be pleased to state :

(a) Whether it is a fact that the hours of attendance of the ministerial staff of the new Custom House, Bombay, are more by half an hour per day than those in the Offices of the Accountant General and Currency and Mint Office in Bombay?

(b) Whether it is a fact that the attendance hours of the ministerial staff of the new Custom House, Bombay, are more than those in the various offices of the Bombay Government in the same locality?

(c) Whether it is a fact that the ministerial staff of the new Custom House, Bombay, do not get any overtime or any other compensation for the above-cited increased period of attendance ?

(d) Whether it is a fact that the regular time-scale of pay granted to clerks in the new Custom House, Bombay, is less than those granted to clerks in the offices in Bombay of the Accountant General, Mint and those under the Local Government Secretariat ?

(e) Whether there are any exceptional reasons why the clerical staff of the new Custom House, Bombay, must put in extra attendance daily with lesser scale of pay as compared with their confreres in other Bombay offices ?

(f) Do Government propose to investigate the question of bringing the employees of the ministerial staff of the new Custom House, Bombay, into line with those in other departments cited above in respect of the hours of attendance ?

THE HONOURABLE MR. J. B. TAYLOR : (a), (b), (c) and (d). Yes.

(e) The hours of attendance are not longer than those in force at other Custom Houses : the Customs Department deals mainly with the commercial public and to work shorter hours would cause inconvenience.

(f) The Government do not propose to take the action suggested.

RECLASSIFICATION OF ARTICLES IN THE ANNUAL CUSTOMS STATISTICS AS A RESULT OF THE INDIAN TARIFF (OTTAWA TRADE AGREEMENT) AMENDMENT ACT.

40). THE HONOURABLE MR. VINAYAK VITHAL KALIKAR (on behalf of the Honourable Sardar Shri Jagannath Maharaj Pandit) : Will Government be pleased to state :

(a) Whether as a result of the Ottawa Amendment Act Government intend to make any change in the nature of the custom statistics which are published every year ?

(b) Whether Government will now classify the various articles on the basis of rates of duty applicable thereto or on the basis of various commodities ?

(c) Whether this revised classification will result in increasing the work of the statistical departments of the various Custom Houses ?

(d) Whether Government have so far sanctioned or propose to sanction any additional staff for the compilation of the above-mentioned additional statistics ?

THE HONOURABLE MR. J. C. B. DRAKE : The passing of the Indian Tariff (Ottawa Trade Agreement) Amendment Act necessitates some changes in the form of the published statistics relating to India's import and export trade, and the customs revenue derived therefrom. The matter is under the consideration of the Government of India and they cannot say yet whether the changes will result in increasing the work of the staff employed on the collection and compilation of these statistics.

REDUCTION OF MINISTERIAL STAFF IN THE NEW CUSTOM HOUSE, BOMBAY.

41. THE HONOURABLE MR. VINAYAK VITHAL KALIKAR (on behalf of the Honourable Sardar Shri Jagannath Maharaj Pandit): Will Government be pleased to state :

(a) Whether it is a fact that in 1932 a 10 per cent. reduction was ordered to be carried out in the ministerial staff of the new Custom House, Bombay ?

(b) Whether it is a fact that there was no corresponding fall in revenues nor in the volume of work in the office ?

(c) Whether it is a fact that the reduction so effected resulted in aggravating the service conditions of those working in the department ?

(d) Whether the 10 per cent. reduction so effected has resulted in depriving the ministerial cadre of the new Custom House, Bombay, of its entire leave reserve ?

(e) Whether it is a fact that as a result of the reduction so effected, employees of the Customs Office, Bombay, now-a-days have to face delays extended over considerable periods before they can have any leave though much more than what is asked for is admissible to them ?

(f) Whether Government propose to re-examine the matter in the light of the present volume of work as compared with the volume of work in 1929 ?

THE HONOURABLE MR. J. B. TAYLOR : (a) Yes.

(b) No. The reduction was effected in view of the fall in revenue and decrease in the volume of work dealt with by the ministerial staff.

(c) No. The service conditions of the clerical staff were not appreciably aggravated as a result of the reduction.

(d) No. The leave reserve has been reduced proportionately to the retrenchment effected.

(e) No. The only effect has been that leave has not been granted as freely as in the period preceding the retrenchment.

(f) No.

CUT IN SALARIES.

42. THE HONOURABLE MR. VINAYAK VITHAL KALIKAR (on behalf of the Honourable Sardar Shri Jagannath Maharaj Pandit): Will Government be pleased to state :

(a) Whether it is a fact that the emergency 10 per cent. cut in salaries of Government employees was intended to be of a temporary nature not extended beyond the need of the then existing financial emergency ?

(b) Whether it is a fact that the exceptional financial emergency has since ceased to continue ?

(c) Whether it is a fact that there has been a considerable increase in the yield of customs duties during the financial year 1932-33 ?

(d) Whether it is a fact that the receipts by way of income-tax have also been more than those of the last financial year, viz., 1931-32 ?

(e) Whether the total revenues of the Government of India realised so far have exceeded their approximate estimates for the corresponding period ?

THE HONOURABLE MR. J. B. TAYLOR : (a) Yes.

(b) No.

(c) to (e). The monthly figures of revenue and expenditure are published in the Gazette of India. For a fuller appreciation of the progress of actuals as compared with the budget estimates, I must again ask the Honourable Member to await the usual budget statement.

REPORT OF MR. HASAN ON THE REPRESENTATION OF MINORITIES IN THE RAILWAY SERVICES.

43. THE HONOURABLE MR. HOSSAIN IMAM : 1. Will Government give the following information about Mr. Hasan's report on the representation of Muslims and other minorities in the Railway services :

(a) The date on which the report was sent to the Railway Board ?

(b) The date on which the Railway Board came to a decision ?

(c) The date on which the Honourable the Railway Member (Sir George Rainy) passed orders on the report ?

(d) Will Government lay on the table that order ?

(e) The date on which the report was sent to the Home Department ; and the date of their decision ?

2. Will Government state the name of the officer of the Home Department who is scrutinising Mr. Hasan's report ; on what date he submitted his report or hopes to submit it ?

THE HONOURABLE SIR GUTHRIE RUSSELL : Mr. Hasan's report was submitted by him on the 16th February, 1932 and is still under the consideration of the Government of India. Government regret they cannot furnish any further information in respect of that report except that they hope to issue early orders on the question of principle involved after which the details as regards railway staff will be worked out, and a decision arrived at after consultation with the Central Advisory Council for Railways.

THE HONOURABLE MR. HOSSAIN IMAM : Will the Government give the dates on which the departments of the Government of India dealt with the file ?

THE HONOURABLE SIR GUTHRIE RUSSELL : The dates on which the departments of the Government of India dealt with the file are irrelevant. This is a matter of detailed administrative arrangements and the Government of India cannot give the information asked for. The Government of India is one and indivisible.

ACCUMULATION OF INTEREST ON MONEY DEPOSITED BY MUSLIMS IN THE POST OFFICE SAVINGS BANK AND GOVERNMENT SECURITIES.

44. **THE HONOURABLE MR. HOSSAIN IMAM:** Is it a fact that considerable numbers of Muslims who deposit money in the post office savings bank and in Government securities do not draw the interest? If it is so, can Government state the approximate amount of money remaining so unpaid during the last three years?

THE HONOURABLE MR. J. B. TAYLOR: Government understand that there are a certain number of Muslims who deposit money in post office savings banks and Government securities without drawing interest. Government have no information regarding the amount of money so involved, but there is no reason to believe that it is appreciable.

CAPITATION RATE TRIBUNAL.

45. **THE HONOURABLE MR. HOSSAIN IMAM:** Will Government now reply in detail to my question No. 158, dated the 29th November, 1932, regarding the terms of the English counsel?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: I would refer the Honourable Member to the answer which I gave to his question No. 12 on the 16th February.

MUSLIM GAZETTED OFFICERS IN PORT TRUSTS.

46. **THE HONOURABLE MR. HOSSAIN IMAM:** Will Government state if it is a fact that out of 118 Indians in the ranks of the gazetted officers of the Port Trusts of India only five are Muslims? Has Government taken any steps to check the monopolisation of these posts by non-Muslims? If so, what? If not, why not?

THE HONOURABLE MR. J. C. B. DRAKE: The number of Muslims and the total number of Indians in the superior services of Port Trusts are as stated in the first part of the question. As regards the second part, the position is that, except in the case of a small number of high posts, the power to make appointments to these services is by law vested in the Port Trusts themselves, and it is for them to consider whether steps should be taken to redress communal inequalities in their services.

COMMUNAL COMPOSITION OF THE GAZETTED AND SUBORDINATE STAFF OF THE SECRETARIAT.

47. **THE HONOURABLE MR. HOSSAIN IMAM:** Will Government give the communal composition of the gazetted and subordinate staff of the Secretariat departmentally?

THE HONOURABLE MR. M. G. HALLETT: A statement containing the information is laid on the table.

COUNCIL OF STATE.

[18TH FEB. 1933.]

Department.	Gazetted posts.						Gazetted posts.						Non-gazetted posts.						Remarks.
	Assistant Secretary.						Superintendents.						Assistant-, clerks, stenographers, etc.						
	Hindus.	Muslims.	Europeans and Anglo-Indians.	Sikhs.	Indian Christians.	Others.	Hindus.	Muslims.	Europeans and Anglo-Indians.	Sikhs.	Indian Christians.	Others.	Hindus.	Muslims.	Europeans and Anglo-Indians.	Sikhs.	Indian Christians.	Others.	
Army . . . . .	..	..	2	..	..	..	2	..	2	..	..	..	51	14	9	3	1	1	
Commerce	1	..	1	..	..	..	4	..	1	..	..	..	58	18	3	6	1	1	
Education, Health and Lands.	..	..	1	..	..	..	2	1	2	1	..	..	49	22	4	6	1	1	
Finance	1	1	..	..	..	..	3	2	1	..	..	..	51	16	3	4	2	..	
Foreign and Political . . . . .	..	..	2	..	..	..	5	..	6	1	..	..	61	27	26	5	3	..	
Home	1	..	1	..	..	..	2	..	3	..	..	..	33	15	15	3	2	..	
Imperial Council of Agricultural Research.	1*	..	..	..	..	..	..	1†	..	..	..	..	14	8	..	1	..	..	*There is no post of Assistant Secretary as such in the Imperial Council of Agricultural Research but the post of Secretary in that Department carries the pay and status of Assistant Secretary to the Government of India.
Industries and Labour	2	..	..	..	..	..	6	..	1	..	..	..	57	19	2	3	5	..	
Legislative	1	..	1	..	..	..	..	..	2	..	..	..	31	7	9	1	1	..	
Legislative Assembly	1	..	..	..	..	..	..	1	1	..	..	..	31	13	2	1	1	1	
Military Finance	3	..	2	..	..	..	5	..	..	..	..	..	76	9	2	4	2	..	
Railways . . . . .	..	..	1	..	..	..	3	..	3	..	..	..	81	16	8	2	3	1	†Officiating.

Excludes two vacant non-gazetted posts.

*There is no post of Assistant Secretary as such in the Imperial Council of Agricultural Research but the post of Secretary in that Department carries the pay and status of Assistant Secretary to the Government of India.

†Officiating.

INELIGIBILITY OF GRADUATES OF INDIAN MEDICAL COLLEGES FOR APPOINTMENT IN THE INDIAN MEDICAL SERVICE.

48. THE HONOURABLE MR. HOSSAIN IMAM : Will Government state if it is a fact that Graduates of Indian Medical Colleges are not now eligible for appointment in the Indian Medical Service? If so, since when was this bar imposed? Has Government taken any steps or do they propose to take steps to remove this disability? If not, why not?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : A candidate for the Indian Medical Service must possess a qualification registered in Great Britain and Northern Ireland. The medical degrees of Indian Universities have not been so registrable since February, 1930, but the question of providing that the possession of an Indian Medical degree shall be an alternative qualification is now under consideration, and it is expected that a decision will be reached at a very early date.

EXEMPTION FROM INDIAN INCOME-TAX OF LEAVE SALARY PAID IN THE UNITED KINGDOM.

49. THE HONOURABLE MR. HOSSAIN IMAM : Will Government state whether it is a fact that leave salary paid in the United Kingdom even by negotiable rupee drafts on banks in India are exempted from Indian income-tax? If it is a fact, will Government explain the reason and the authority for this?

THE HONOURABLE MR. J. B. TAYLOR : Yes. The reason for granting an exemption is the fact of payment in the United Kingdom, the particular form which the payment may take being irrelevant. The exemption has been granted by the Governor General in Council under the authority vested in him under section 60 of the Indian Income-tax Act.

EXEMPTION FROM INDIAN INCOME-TAX OF THE SALARIES OF THE HIGH COMMISSIONER FOR INDIA AND OF THE DIPLOMATIC AND TRADE REPRESENTATIVES OF FOREIGN NATIONS IN INDIA.

50. THE HONOURABLE MR. HOSSAIN IMAM : Will Government state if it is a fact that the salary of the High Commissioner for India is not subject to Indian income-tax? Are the salaries of the Diplomatic and Trade Representatives of foreign nations accredited to India subject to Indian income-tax?

THE HONOURABLE MR. J. B. TAYLOR : The answer to the first part of the question is in the affirmative. Under the Indian Income-tax Act, 1922, salaries of Government officers serving outside India are not liable to income-tax unless they are drawn or otherwise received in India.

As regards the second part of the question the official salaries of Diplomatic Representatives of Foreign Governments and certain Trade Commissioners have been specially exempted from the payment of Indian income-tax under the powers vested in the Governor General in Council under section 60 of the Act.

THE HONOURABLE MR. HOSSAIN IMAM : Will the Honourable Member kindly inform the House of the number of the notification by which it was exempted?

THE HONOURABLE MR. J. B. TAYLOR : I require notice of that question, Sir. I have not got the information readily available.

SAVING TO INDIA FROM THE CONVERSION OF THE BRITISH WAR LOAN.

51. **THE HONOURABLE MR. HOSSAIN IMAM:** Will Government now reply in detail to parts 1 and 2 of my question No. 180 of the 8th December, 1932, regarding the resultant saving to India from the conversion of the British War Loan?

THE HONOURABLE MR. J. B. TAYLOR: Part 1 of the Honourable Member's question No. 180 will be dealt with in the budget statement to be made on the 28th February. I have nothing to add to the reply to part 2 given by the Honourable Sir Alan Parsons.

COST TO THE MILITARY DEPARTMENT OF THE SUPPLY OF ARMED GUARDS TO THE EAST INDIAN RAILWAY FOR GUARDING ARMOURIES.

52. **THE HONOURABLE MR. HOSSAIN IMAM:** Will Government state the cost to the Military Department of the supply of armed guards to the East Indian Railway for guarding armouries in the years 1930-31 and 1931-32? To what head was this amount debited? What was the utility of this to the Military Department?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: The Honourable Member no doubt remembers that during the first month of the period in question the Auxiliary Force armoury at Chittagong was attacked by armed raiders. He will agree that there were obvious advantages in having such places protected by armed sentries. I have no information regarding the expenditure involved and I do not think that the value of such information would justify the trouble necessary to obtain it. The expenditure may be presumed to have been charged to the normal head of account—49-Army, Part B, Auxiliary and Territorial Forces.

THE HONOURABLE MR. HOSSAIN IMAM: Does the Honourable Member consider that it is still necessary to maintain guards at armouries?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Absolutely.

ARMOURIES AT RAILWAY STATIONS OF THE EAST INDIAN RAILWAY BEFORE 1930.

53. **THE HONOURABLE MR. HOSSAIN IMAM:** Will Government state if there were armouries at important railway stations of the East Indian Railway before 1930? If the reply be in the affirmative, will Government state how they were guarded?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: The answer to the first part of the question is in the affirmative. I am not aware of the precise arrangements made for the protection of these armouries before 1930; such arrangements were, and are, made by the Army Commander concerned.

PURCHASE OF LOCOMOTIVES FOR STATE RAILWAYS.

54. **THE HONOURABLE MR. HOSSAIN IMAM:** Will Government give the following information about the purchase of locomotives for the State Railways for the years 1930-33:

(a) numbers, kinds and weights of locomotives;

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(b) numbers purchased from capital and depreciation funds;

(c) numbers of stocks replaced, and how disposed of?

Will Government give this information separately for each of the three years?

THE HONOURABLE SIE GUTHRIE RUSSELL: (a) and (b). A statement containing the information asked for is placed on the table of the House. Locomotives provided for exclusively out of capital have been shown under "Additions" in this statement and those whose cost was partly met from capital and partly from depreciation fund have been shown under "Renewals". No locomotives were obtained solely at the expense of depreciation fund.

(c) The numbers shown under "Renewals" represent replacements. Information regarding their disposal is not readily available.

Statement showing numbers, types and weights of locomotives provided for State-owned Railways in the budget estimates for the years 1930-31, 1931-32 and 1932-33.

Year.	Additions.			Renewals.			Remarks.
	Nos.	Types.	Weight per loco-motive.	Nos.	Types.	Weight per loco-motive.	
			Tons.			Tons.	
1930-31	M.G.	16 Y. F.	40.0	27 X. A.		82.77	
		6 Y. D.	67.28	16 X. C.		118.84	
		2 Y. T.	19.98	28 X. E.		143.40	
		2 A (4-6-4)	55.45	1 Petrol		12.75	
				Shunting			
		2 Saddle	Not known.	B. G.			
		Tank Ghat.		Articulated		83	
				B. G.			
				21 Y. D.		67.2	
				5 Y. F.		40	
1931-32		12 P. (M.G.)	56.5	13 Z. E.		48.7	
		3 Y. F.	40.0	1 I. R. S.		Not known	'O' type.
				3 (4-6-2) M.G.		67.23	
				6 (2-8-2)			
				17 X. A.		82.77	
				16 X. B.		155	
				7 X. D.		122	
				10 Y. C.		68.6	
				15 Y. D.		67.2	
				1 I. R. S. (M. G.)		Not known	'O' type.
1932-33		1 Shunting	Not known	7 Z. B.		32.6	
		B. G.		3 Y. C.		68.6	
		1 Z. B.	32.6	3 Y. K.		39.45	
				3 R. E. S. A.		62.5	'O' type.
				(M. G.)			
				2 Z. B.		32.6	
				3 C. B. (V. G.)		11.65	
1933-34		Nil		Nil			

ACQUISITION OF BUNGALOWS IN PESHAWAR CANTONMENT.

55. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly state :

(i) (a) Whether it is a fact that Government intend to acquire a large number of bungalows in Peshawar Cantonment ?

(b) If so, what is the total number of bungalows which Government intend to acquire ?

(c) How many of these bungalows belong to Indians and how many to Europeans ?

(ii) (a) Is it a fact that if these bungalows are acquired their owners will be rendered practically homeless ?

(b) Is there a civil station at Peshawar where these owners who would be turned out of their bungalows can go and reside ?

(c) If not, what arrangements does Government intend to make for finding them safe sites and in what time will such bungalows be required to be vacated ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (i) (a) and (b). At present Government intend to acquire 13 bungalows in Peshawar Cantonment.

(c) All the bungalows belong to Indians.

(ii) (a) Government understand that only four of the bungalows are occupied by Indians, and that one of these was not so occupied until after notice had been given of Government's intention to acquire it.

(b) and (c). There is no civil station, but Peshawar City is close to the cantonment. Government have no reason to believe that the small number of occupiers who will be displaced will have any difficulty in acquiring alternative accommodation in the neighbourhood. The bungalows will not be vacated until the Collector has made his award under the Land Acquisition Act.

NUMBER OF BUNGALOWS IN PESHAWAR CANTONMENT.

56. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : (i) (a) What is the total number of bungalows in Peshawar Cantonment ?

(b) How many of these are occupied by Indian owners for their own residence ?

(c) How many bungalows in the Cantonment are occupied by Europeans and Anglo-Indians ?

(d) How many bungalows does Government intend to acquire from among those occupied by Indians ?

(ii) (a) Is it a fact that not a single bungalow occupied by a non-military European or Anglo-Indian is intended to be acquired ?

(b) Is it a fact that only Indian residents of such bungalows will be affected by this acquisition proceedings ?

(c) If the answer to (ii) (b) is in the negative, will Government please state the number and names of Europeans who might be affected ?

(d) If no names can be stated in answer to (ii) (c), will Government explain why houses occupied by Indian owners alone have been singled out ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (i) (a) and (b). Information obtained last year showed that there were 176 bungalows in Peshawar Cantonment suitable for occupation by military officers ; 10 of these were occupied by the owners.

(c) Government have no information.

(d) The information is given in the reply to part (ii) (a) of the previous question.

(ii) (a) Yes, Sir.

(b) Yes, but cantonments are intended primarily and essentially for troops and their officers.

(c) Does not arise.

(d) Because there are very few bungalows in Peshawar Cantonment occupied by non-official persons who are not Indians ; and accommodation is needed for those military officers—both British and Indian—who are required to live in cantonments in the discharge of their official duties.

DEPUTATION IN CONNECTION WITH ACQUISITION OF BUNGALOWS IN PESHAWAR CANTONMENT.

57. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :

(i) (a) Is it a fact that the house owners of Peshawar represented this matter in deputation to His Excellency the Governor, North-West Frontier Province, and Major-General Orton ?

(b) What replies did these officers give to the deputationists ?

(c) Did the house owners of Peshawar request these officers to appoint a committee, with representatives of the house owners to go into the question of meeting the demand of houses in the Cantonment ?

(d) Did they offer to build more bungalows at their cost to be reserved for military officers ?

(e) What answer was made to these suggestions and offers ?

(ii) (a) Is it a fact that the house owners of Peshawar requested the General Officer Commanding, Northern Command, for an interview in this connection ?

(b) Was such interview refused ? If so, why ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (i) (a) The Government of India understand that the house owners submitted a memorial to His Excellency the Governor of the North-West Frontier Province. The house owners also waited on Major-General E. F. Orton, Deputy Quartermaster General in India, at Peshawar.

(b) Major-General Orton explained the position to the house owners, and the necessity for acquiring certain sites.

(c) They made no such request to General Orton.

(d) Yes.

(e) The offer was not accepted partly because it has been made many times before and has never been implemented and partly because it does not offer a really satisfactory solution of the difficulty from the point of view of the general taxpayer.

(ii) (a) Government have no information.

(b) Does not arise.

OPEN SPACES ON WHICH BUNGALOWS COULD BE BUILT IN PESHAWAR CANTONMENT.

58. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : (a) Is it a fact that there are large areas available within the limits of Peshawar Cantonment on which bungalows can be built, including three polo grounds ?

(b) Why does not Government build houses on these vacant sites with the same money instead of acquiring the houses occupied or owned by Indians ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) and (b). There are no large spaces in Peshawar Cantonment on which houses could suitably be built. The three grounds used for polo are also required for military purposes and must be retained as open spaces.

COMPENSATION FOR BUNGALOWS ACQUIRED IN PESHAWAR CANTONMENT.

59. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : (a) What compensation does Government intend to give the house owners of Peshawar in those cases in which notices have already been issued ?

(b) What are the present rents of the bungalows affected ?

(c) What ratio does the compensation offered bear to the annual rent ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) The amount of compensation will be determined and awarded by the Collector under the Land Acquisition Act.

(b) A statement giving the information is laid on the table.

(c) Does not arise in view of the answer to (a), but, in any case, there is no reason why the compensation should bear any fixed relation to the rent, if the rents themselves are exorbitant.

Statement giving rents of the bungalows.

PESHAWAR CANTONMENT.

19, The Mall	Is vacant at present. The last tenant paid rent at Rs. 60 a month.
8, Jheel Road	Rs. 100 per mensem.
8-A., Jheel Road	Rs. 50 per mensem.
1, Warburton Road	Rs. 120 per mensem.
3, Warburton Road	Rs. 100 per mensem.
5, Warburton Road	Rs. 150 per mensem.
6, Warburton Road	Rs. 100 per mensem.
2, RoosKeppel Lane	The owner is in occupation. In 1931 the rent was Rs. 110 a month.
5, Fort Road	The owner is in occupation. Rental value, as assessed under the Cantonments Act, 1924, is Rs. 80 a month.
6, Michni Road	Bungalow burnt down.
21, The Mall	Rs. 82 per mensem.
9, Willcocks Road	Rs. 153 per mensem.
66, The Mall	Rs. 115 per mensem.

DUMPING OF SUGAR CANDY IN INDIA BY JAPAN.

60. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly state whether they have received any representations and telegrams from the Sugar Candy Association from Bombay regarding dumping of Japanese sugar candy in India, and if so, what action Government have taken or propose to take in this connection ? If none, why ?

THE HONOURABLE MR. J. C. B. DRAKE : Representations have recently been received on the subject and the matter is engaging the attention of Government.

GENERAL DISCUSSION OF THE RAILWAY BUDGET.

THE HONOURABLE THE PRESIDENT: General discussion will now proceed on the Railway Budget, Part I.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal: Non-Muhammadan): Sir, that the world-wide trade depression and the political condition in India would seriously affect the railway earnings in India was a foregone conclusion and nobody thought, however optimistic he might be; that the Honourable the Railway Member would work a miracle and give us a balanced Railway Budget. From the perusal of the speeches of the Railway Member and the Chief Commissioner for Railways with their brilliant array of facts and figures one would necessarily come to the conclusion that however disappointing the Budget might be they could not present us with a better one. But that does not refrain one from making a general and constructive criticism and not a destructive one with regard to the condition and working of Railways in India. The huge loss of this year, receipts being the smallest since 1921, provides dismal reading indeed. But one is not convinced with the arguments advanced by the Chief Commissioner for Railways and the Railway Member that the loss was entirely due to the economic depression and political situation in the country. It can easily be understood that there was no other way of meeting the deficits for 1931-32 and 1933-34 than by borrowing from the Depreciation Fund. And as there is a silver lining to almost every cloud, we have it from the framer of the Budget that he has taken a more optimistic outlook for 1933-34 and an increase of two per cent. in traffic receipts is hoped for and the final result is estimated at a deficit of 777 lakhs (580 lakhs on commercial lines and 197 lakhs on strategic lines). We wish we could share the optimism of those who have prepared the estimates for 1933-34 but our hopes end in smoke when we learn that this deficit too will have to be met from the Depreciation Fund. The Chief Commissioner for Railways, as well as the Railway Member, do not say clearly, working on which particular data they have arrived at the conclusion that an increase of two per cent. in traffic receipts may be hoped for in 1933-34.

However, it is to be regretted that more economies could have been effected in the Railways had the authorities wanted to do that in right earnest. Top-heavy expenditure should have been cut down. In plain words, the tall poppies should have been lopped off but instead of that the axe has been applied to the subordinate staff causing thereby more unemployment in the country. Be that as it may, it is hoped the Pope Enquiry Committee would explore all avenues to effect reasonable retrenchment in all departments of the Railways in India. I can not but mention here that the Railway Clearing House is a costly affair and this can be easily abolished without impairing the efficiency of the administration. So far as I can understand the upkeep and usefulness of this office is not commensurate with the money spent on its account.

It is generally to be found that in passenger traffic earnings, those from the upper classes are always very much lower than those from the third class: yet the inconvenience and difficulties of the third class passengers in the trains are a good deal to which the authorities seem to be giving no serious consideration. It is hoped better amenities and sanitary arrangements would be provided for third class passengers in trains as they in the aggregate pay more than the upper class passengers. In intermediate class carriages there.

[Mr. Jagadish Chandra Banerjee.]

should be bathroom arrangements with wash basins for the passengers. The Honourable Members of this House have no idea of the difficulties of passengers travelling long distances in the intermediate class who have to go without a bath and wash.

I should here like to allude to the motor competition with the Railways referred to by the Chief Commissioner for Railways as I find that he has hoped for adoption by the country as early as possible a policy of co-ordinating the two systems of transport so that they may become complementary and not competitive. We are glad to learn that Government intend to hold in April next a representative conference to discuss this important question. Motor industry and road development are progressing now in India. It is hoped the result of the conference will be such as will not be detrimental to the growing bus and motor services in the country.

I can not conclude here without mentioning about the Dacca-Aricha Railway scheme in my part of Bengal which has unfortunately escaped the notice of the Honourable the Railway Member and the Chief Commissioner for Railways when they have given a short account of their activities on new works during the current year and placed before us the Capital and Depreciation Fund programme for the ensuing year. The survey of the proposed line was completed some five years ago but yet money could not be found to construct the line which would have naturally given a stimulus to trade and industry and the line would have been a profit-earning one. But it is understood, owing to the intervention of the steamer company which, by the way, is a British one, the proposed construction of the line has been postponed *sine die*.

In view of the fact that the Chief Commissioner for Railways has given us a picture of a mythical Board of Directors of the Indian Railways and made a declaration of three per cent. dividend even in these days when we have experienced the worst situation, may we not hope that the construction of the Dacca-Aricha Railway would be commenced at no distant time ?

With these few words, Sir, I should like to finish my say about the Railway Budget in the hope that the humble suggestions made by me may be accepted by Government and given effect to in time.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I sympathise with the Honourable the Railway Member that, in his very first year of office, he is faced with a deficit Railway Budget. I find, from a commonsense point of view, being a layman, that the policy which the Railways have adopted is not a right and businesslike policy. They have tried to effect savings and they have failed to add to their revenues. They adopted four methods for this purpose : firstly, enhancement in fares ; secondly, enhancement in freights ; thirdly, reduction in the staff ; and fourthly, cuts in salaries. What do we find to be the practical result of these measures ? As far as the enhancement of fares is concerned, I think this very step is responsible for the development of the lorry traffic. Lorries did exist before, but it was the question of rates which persuaded the would-be owners of lorries not to launch their campaign against the Railways. It is my opinion that for the creation of this competitive lorry traffic the Railway Department themselves are responsible. In case Railways reduce fares the traffic will be diverted from the lorries to the Railways. What has actually happened ? The times being very abnormal and owing to unprecedented economic depression, we find that generally those people who used to travel first class have begun to travel

second class, those who used to travel second class are going inter class, those who used to go inter class have gone to the third class and those who were travelling in the third class have gone to the lorries, as, Sir, the amenities and facilities which used to be given to the third class passengers are getting reduced. Also, Sir, owing to fall in traffic, the number of vehicles on trains has been reduced and this has resulted in the carriages being over-crowded. Then, Sir, the through services have been to some extent curtailed, with the result that the need for changing from one train to another has also caused diversion of traffic from the Railways to buses. When Railways had no competitor they could dictate their rates, but when there is competition they have found that the raising of rates was a mistake, and this mistake continues still. If Railways bring down their rates, at least to the level of lorry fares, then the buses and lorries would be automatically diverted to areas which are undeveloped at present and would thus serve the useful purpose of developing those areas. This is the right time for the Railways to make a change in policy. Most buses and lorries have almost run their full life and will soon be scrapped, and if Railways reduce their rates they will gain, while those who are thinking of investing money in new buses and lorries will not suffer.

As regards the savings in freights, owing to enhanced freights the traffic has gone down. This enhancement has also been extended to coal freights by means of the 15 per cent. surcharge. Coal, as we all know, is a basic commodity for every industry, and the taxing of coal in this manner is certain to discourage industry. The greater the development of industry, the greater the traffic which Railways may expect, and I think it is high time for the Railway authorities to resile from this retrograde step. The rates of freight on coal are telescopic, and if for revenue purposes the surcharge is to continue, as I was told the other day by my Honourable friend Sir Guthrie Russell, the surcharge ought to be anti-telescopic also. Sir, this request is fair and equitable and should receive the attention of the authorities concerned.

Then, Sir, I come to the reduction in staff. A reduction in staff has been necessitated by the times, but, at the same time, Sir, I must say that we are faced with a very serious problem of unemployment. And although in England we see riot after riot taking place in regard to this very question, the matter is not even being properly considered in India.

Sir, I come to the cut in salaries. The cut was rightly made. We people who served on the various retrenchment committees realized its necessity. But, Sir, let me be excused for saying that the Government of India have made a most vicious blunder in restoring the five per cent. cut at a time when, as the Honourable Railway Member says, we are at rockbottom limit of Railway income. The cry is that there is no traffic, that the receipts have fallen heavily, that the hopes we entertained last month that revenue was on the increase have fallen to the ground, but still we find that five per cent. of the cut in salaries has been restored. Of course, my esteemed friend the Chief Commissioner for Railways might say that when there has been a restoration of five per cent. of the cut generally by the Government of India, why should Railways be treated differently. Certainly he has some justification for that view. But, after all, Railways are run on business lines and we should treat them in a businesslike manner. Instead of our revising salaries and allowances and scaling them down, there has been a restoration of the cut. We were all expecting that the Lee concessions for the superior services, which the public now so much resent, will be withdrawn. They have not. On the other hand, the Honourable Mr. Taylor tells us today that the question of the revision of salaries and allowances

[Rai Bahadur Lala Ram Saran Das.]

for the future is still under consideration. That is a very easy way for the Government to shield themselves from saying, "No, we won't consider them." I must deplore the attitude of the Government and the slackness they have shown in this important matter. This is the time, when you are in a grave state of depression, when you are losing money, when you are facing deficit budgets--this is the time, Sir, to bring down your salary scales. Instead of cutting down salaries, you raise the salaries indirectly.

As far as savings are concerned, I suggested in my speeches of past years that in the present hard times the concessions to the Army Department should be withdrawn. When we are in such a state of depression we cannot make concessions, and when you have withdrawn concessions from the public there is no reason whatever why you should not withdraw concessions from the Army Department. We find that you charge third class fare for soldiers who travel second and second class fare for those who travel first class. On all army stores you charge a concession goods freight. If my information is correct, you are spending millions of rupees in making new sidings and yards for the Army and new rolling stock in the shape of aeroplane wagons and so on and so forth. I beg to draw the attention of the Honourable the Railway Member and the Chief Commissioner for Railways to this important point, that in future the Army Department should be asked to bear all such charges for sidings and yards and special rolling stock which are made for their exclusive use. I understand the Army Department have a certain number of their own rolling stock to carry their troops, that there are a certain number of wagons for troop train purposes alone. That system should be extended and, if the Army Department have paid for and own that stock, then only should it be allowed concessions and not otherwise.

Sir, I find that there has been a proposal to amalgamate the accounts of strategic railways with commercial railways. On that point, Sir, I have simply to say that the deficit of Rs. 2 crores a year which the Indian Railways bear as an item of loss on strategic lines should no longer be met by the Railways but should be met by the Army Department, particularly in times when Railways are running at a loss. Sir, this item of Rs 2 crores is being taken as a matter of course now and I think it is high time that this practice should be discontinued, and also the accounts of strategic and commercial railways ought not to be amalgamated. We know that we allot so much to the Army Department every year for their annual expenditure. Let the world and let the people know what it actually is. Why give them more money by the back door? We find, Sir, that the Railway Department is contributing so many crores per year to the Army Department; the Public Works Department by making strategic roads in various provinces is making a handsome contribution to the Army Department. We also know that very many other departments at their own cost are doing the work of the Military Department. I do not say that the military expenditure should not be met; let it be met, but let it be met from Army funds and not from other funds.

Then, Sir, I come to the question of week-end return tickets. On certain Railways week-end return tickets are in vogue and on others they are not. Week-end return tickets bring additional traffic to the Railways, because merchants and those people who travel for the sake of luxury or other avoidable reasons availed themselves of such return tickets; but since week-end return

tickets have been withdrawn most of that traffic has stopped. I would strongly suggest that week-end return tickets be re-introduced between certain stations, wherever the Railway consider that there is a likelihood of a good return or increase in traffic.

Then, Sir, on certain lines you have the ordinary return tickets and on others you have not. Take the instance of the Great Indian Peninsula and the Bombay, Baroda and Central India Railways. There are no return tickets on those lines. It may be said, Sir, that the working expenses on those lines are higher and so these Railways are justified in levying a higher rate. But I must say, Sir, that experiments be made between certain important stations or markets or *mandis* and I hope that such an experiment will prove successful. It will give facilities to the public and it will add to the revenues of the Railways.

Sir, I see in the Budget Speech of my Honourable friend the Chief Commissioner for Railways that provision has been made for the purchase of 2,500 new broad gauge wagons. I understand, Sir, that the total number of broad gauge wagons in use on Indian Railways is 145,000; and I also understand, Sir, that the goods traffic has gone down by more than two per cent. In case, Sir, we take two per cent. of 145,000 wagons it comes to more than 2,500 wagons. If my figures are correct—I believe they are—there seems no necessity for purchasing new wagons, because owing to the fall of traffic hundreds and thousands of wagons are lying idle in the yards and, therefore, Sir, this extra expenditure of Rs. 90 lakhs is unjustified.

Then, Sir, I come to the question of the Railway Rates Advisory Committee. I should like some light to be thrown by the authorities concerned whether this Rates Tribunal is to continue or to end.

Sir, in reply to my question, the Honourable Sir Guthrie Russell told me that the question of voluntary refund of freights on small consignments was discontinued. I will quote his own words :

“The practice of exhibiting at stations lists of overcharges detected in Audit Offices was discontinued some time ago on the ground that it involved a considerable amount of work in Accounts Offices and the system was open to abuse and fraud. The whole question is now under re-consideration”.

Sir, any firm of repute will always refund the overcharge it has made in any manner whatsoever. Whenever Government find that they have exacted more money than they ought to have from any of its customers, there seems no justice at all to refuse that refund. Petty merchants who are generally involved in this instance cannot for the sake of a refund of Rs. 5 or under undergo all that red-tapism and perhaps waste more than Rs. 5 on getting the refund. I wish, Sir, that the old practice be restored and revived and this unjust step which has been taken be withdrawn forthwith.

Sir, I now come to the Central Advisory Council for Railways. I had the privilege of serving on this Council for some time and from my own personal experience I can say that in some years we had no meeting. Over and above this, the members of this Advisory Council have no power to initiate any matter or raise any debate on any question. Sir, the refusal of the Government to allow any member to initiate any matter in this Council makes that Council practically useless. I, therefore, Sir, request that the Central Advisory Council for Railways should be allowed to do its legitimate work and that its members should be empowered to move matters which they like. After all the functions of that Council are advisory and Government is not bound to accept all of their recommendations.

[Rai Bahadur Lala Ram Saran Das.]

Sir, I find that the encouragement which the Government intended to give to those young men who joined the mechanical side has not come up to our expectations. Young boys were selected by the Public Service Commission for training at Jamalpur for the superior services in the Transportation Branch of the Railways. The practice hitherto has been that those special apprentices who qualified themselves in the examinations were usually selected for further training in England. This year, Sir, I understand that out of the 12 qualified students only six are to be sent to England, and the other six, if my information is not wrong, are being given another year's training at Jamalpur.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY : I think only four.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I do not know whether this training will be at the personal cost of the apprentices concerned or of the Government, but I must say, Sir, that it will give a great setback to those students who turned their minds towards the mechanical department. I might mention to this House that I have been taking a keen interest in persuading the young men of good families to go into the mechanical department and those of my colleagues who have this experience will endorse me in what I say—that it was with great difficulty that we succeeded in our endeavours in this direction. Whenever we have raised any question in the Council that particularly in the mechanical branch of the Railways in the superior services there were no Indians the reply, I should say the stereotyped reply, has been that we cannot get trained men. Whenever we get trained men we will take them. Now when the qualified men are ready to take up such service, you say “No.” Sir, there is no justification for Government to give training to 12 boys and then to select six. I think, Sir, it has been a waste of public money to train many more boys than we require. Sir, that in case the Government of India really mean to give an impetus to the young men to turn to the mechanical side, they will, as they were doing before, send all these boys to England for training. I understand the High Commissioner is not prepared to take more than six apprentices. Sir, the High Commissioner should press all those firms concerned from whom he buys millions and millions of pounds worth of stores to yield to the Indian demand and I hope, Sir, the Honourable the Railway Member will be kind enough to see that this bent of mind of the Indians on the right side, that is of those who have taken a turn for the mechanical side should not be discouraged. In case there are not sufficient vacancies next year, some of them can be put on the waiting list as in the other superior establishments, and some of them can be absorbed by the Company-managed Railways and others by Company Railways. But, Sir, after giving special apprentices four years' training or five years' training to throw them overboard is not right.

Sir, another point that I want to raise is about the Indianization of the services. The Indianization of the services has been made in various departments but not in the spirit in which most of us wanted it to be. We want the services Indianized for the sake of economy, but the practice hitherto has been to replace a Rs. 2,000 man by a Rs. 2,000 man. We must, Sir, Indianize the services with a view to getting cheaper working. Sir, what

is the average salary of the driver ? The driver in the seniormost scale now, including his overtime, makes something like Rs. 600 a month. That is a very fat salary. So is the case with senior guards. So is the case with senior station masters. But, Sir, what I want is that when we have to make economies, the economy must come from all ranks. There is still room for retrenchment and particularly among the officers. I am glad, Sir, that the Railway Board has secured the services of Mr. Pope to go into the economy question. That is a step in the right direction. But, Sir, I would have been glad if there had been associated with Mr. Pope a railway expert from the Railways of the United States and Canada where the conditions are similar to India. In England, Sir, I do not think the longest length of any railway is more than 300 miles, and so, Sir, the conditions are not the same as they are in India. In case you start from Peshawar and go to Tuticorin I think we have to traverse some 3,000 miles. So, Sir, if an officer from a country where they have long lines of railways had been associated with Mr. Pope, I think better results would have been obtained. The Road Conference, Sir, is going soon to consider the question of lorrie traffic *versus* railway traffic, and I hope, Sir, that in that Conference we shall have a full representation of the Members of the Legislature, of representatives from the Chambers of Commerce, and from various Trade Associations, so that the utility of that Conference may be increased and more useful advice be given to Government.

I will close my speech, Sir, with one remark about Indianization in the lower services of the mechanical line. As this Honourable House knows, I have been from time to time pressing the claims of the MacLagan College at Lahore. The Government of the Punjab, as you know, spent over a million rupees on the block of that College and for some time the product of that College was looked upon with discount. I understand, Sir, that at the instance of the Government of India or at the instance of the Institute, an Engineer Committee was appointed to go into the curriculum of the College and to report whether the product of that College was equivalent to the product of the Sibpur, Guindy and Poona Colleges, and if my information is not wrong I understand that now that College is up to the mark. And, Sir, that College produces two classes of students—one the senior class and the other the junior class. I find, Sir, as far as the junior class is concerned, the Railways' doors are closed to them since the last few years. That is also giving a setback to the enlistment of educated persons in the mechanical line. Sir, year after year people are being imported into India on covenant, chargemen, foremen, etc. Sir, fair trial ought to be given to educated young men in the mechanical line as they are very likely to prove more useful drivers and the maintenance cost of the engines and the rolling stock would thus go down.

With these remarks, Sir, I resume my seat.

THE HONOURABLE MR. VINAYAK VITHAL KALIKAR (Central Provinces : General) : I congratulate, Sir, the Honourable the Railway Member and the Honourable the Chief Commissioner for Railways on preparing a budget estimate for the coming year in a shrewd manner. It is really unfortunate that an Indian Member should be faced with the difficulty of presenting a deficit Budget the first time he takes office as Commerce Member. I really fail to understand, Sir, whether really the Railway Administration want to carry on the Railways in a businesslike manner. If they really want to run the whole show in a businesslike manner, I fail to understand why the deficit that has been incurred on the maintenance of the strategic lines is being saddled on the Railways. I fully agree with my leader, the Honourable Lala Ram Saran Das, that the deficit on the strategic lines should not be charged to

[Mr. Vinayak Vithal Kalikar.]

the Railway Administration. If I understand rightly, Sir, the strategic lines are mainly maintained for military purposes and if this is so then the military budget should bear the loss and not the Railway Department. While going through the speeches of both the Honourable the Railway Member and the Honourable the Chief Commissioner, we notice that they anticipate in the future prosperous times. I wish their anticipations prove correct. But if they prove otherwise, in the present depleted condition of the Railway finances, they will not be able to survive if another two successive bad years have to be faced. The Reserve Fund has practically been wiped out and the Depreciation Fund holds a very small amount. If you are really to run the show in a businesslike manner you must keep these two funds intact. But what do we see? We do not see anything in the Reserve Fund and after the next year there will only be a balance of Rs. 13.71 crores in the Depreciation Fund. If we are again faced with depression in the next two years, the Railway Administration will not have anything to lay its hands upon, in the Depreciation Fund.

It is a matter of regret, Sir, that the recommendations of the Retrenchment Committee to hold an expert enquiry to curtail if possible expenditure in the administration of Railways has not been carried out. The Honourable the Chief Commissioner for Railways has stated in his speech that they could not get experts and therefore the recommendation could not be carried out. I am glad to note that they have imported Mr. Pope from England and that he is carrying out an enquiry in that connection. But if the recommendations of the Retrenchment Committee had been carried out last year, their report would have been of great use to Mr. Pope who would have been assisted in his work by their report.

My next complaint against the Railway Administration is about the purchase of stores. We all know, Sir, that there is already an Indian Stores Department of the Government of India and we desire that all departments of the Government of India should purchase their stores from that Department. If my information is right, I believe little is done by the Railway Administration in that direction. If the Railway Administration purchase their stores through the Indian Stores Department, they will be able to save a lot of expenditure and at the same time they will be able to get their stores much cheaper than they do now.

Then, Sir, from the speech of the Honourable the Chief Commissioner for Railways I find that no decision has been reached about the increase or decrease of rates and freights. I may point out that if you think of increasing the rates more, you are sure to lose in your earnings. I wish to tell the Railway authorities that if they really want to increase their earnings, they must decrease the present rates and fares. As my Honourable friend Rai Bahadur Lala Ram Saran Das has said just now, most of the traffic is diverted to lorries, because a passenger can get a seat in a lorry at a cheaper cost than on the railway. He has described in detail how the first class, second class and intermediate class traffic has been diverted. If the Railway Administration adopts a procedure of decreasing the rates and fares, I am sure they will gain much and the earnings will be much more than what they have been in the last two years.

I do not find any mention in both the speeches about the acquisition of Company-managed Railways whose period of lease will expire. We really expected some statement in that connection from the Railway Member. I hope that in his reply he will elucidate the point.

I think I need not take up the time of the House any more. I will, in the interests of the Railway Administration as well as of the taxpayers in general, appeal to the Railway Administration to run the show in a businesslike manner and to see their way to decrease the rates and fares on the traffic.

With these few words, Sir, I close my speech.

THE HONOURABLE KHAN BAHADUR CHAUDRI MUHAMMAD DIN (East Punjab : Muhammadan) : Sir, this is the third deficit Budget that we have got to deal with. Owing to the world-wide depression and the slump in trade during the current financial year the gross revenue has fallen short of what it was anticipated by Rs. 2.45 crores, while the working expenses show a slight increase on the estimates. The expectation that increase of rates and fares would result in additional revenue has not been realised. On the other hand, the increased rates have tended to discourage traffic and should, I think, be revised as early as possible. To increase the traffic, the week-end return tickets should also be introduced. On some Railway lines, such as the Bombay, Baroda and Central India Railway, ordinary return tickets are not allowed. They should follow the system adopted on the North Western Railway and other Railways. The transport rates on agricultural produce should also be reduced in the interests of trade.

In England I note that the railway companies arrange excursions at cheap rates. Any such concessions and facilities certainly encourage traffic and make railway travelling more popular. In England we also find that the railway staff are always helpful and courteous towards passengers and pay special attention to the requirements of the public. Some steps should be taken by the Railway Administration to train our railway staff also on the same lines. In spite of the depression we know that the Honourable Member in charge and the Chief Commissioner for Railways have done their best, and they must be congratulated on their careful handling of the statistics. With signs of improvement in trade, and as a result of the Ottawa Agreement I hope the next Railway Budget will be more encouraging.

THE HONOURABLE MR. E. MILLER (Bombay Chamber of Commerce) : Sir, I think the Honourable the Railway Member and the Chief Commissioner for Railways are to be congratulated on the able manner in which they have presented the Budget and much time and thought must have been spent by them and the other officials concerned in drawing up the various statements put before us. There are, however, a few items in connection with which I should like to offer a little criticism, and I am sure that the Honourable the Railway Member would be surprised and even disappointed if there were not considerable discussion during the course of today's proceedings.

My first comment is in regard to the decision to Budget on increased railway earnings during 1933-34. I am not a pessimist, in fact very much the reverse, but I can see no justification for this decision. It is merely a gamble, I admit possibly quite an intelligible gamble, but still a gamble and not one that any sound business concern should take. Surely the wisest course would be to anticipate at the most, that under normal conditions the coming year will be no worse than the last, for what is there to indicate that there will be an improvement. I cannot see anything myself, though personally I am all in favour of hoping that such will actually prove to be the case, but I would not budget on it.

That brings me to my second point which is that for the same reason I am not in favour this year of any restoration of the 10 per cent. cut. But I agree

[Mr. E. Miller.]

that as a decision in this connection has been made by the Government of India, it would be wrong and unfair to exclude the railway staff any more than any other section of our public services. I have therefore no criticism to offer in regard to this item in the Railway Budget. I would submit, however, that the scale increments should be held in abeyance until conditions justify such. If pay can be cut, so can increments be deferred, and I feel that no one in these difficult financial times could reasonably quarrel with such a decision.

It is satisfactory to note that no schemes are put forward for the construction of new lines, as in view of the recent Road-Rail enquiry it obviously would be wrong to embark on any new schemes until the most excellent report drawn up by Mr. Mitchell and Mr. Kirkness has received full consideration at the conference which it is proposed to hold in April, when, to quote the words of the Honourable Sir Guthrie Russell himself :

"it is hoped that as a result of these deliberations a well balanced policy will be formulated for correlating and developing the two forms of transport (road and rail) so as to give India the best and most economical transport system".

There are two schemes, however, which I notice have been sanctioned that I question whether it is wise to put into operation. One is the remodelling work on the Madras and Southern Mahratta Railway for the commencement of which Rs. 11 lakhs is provided, i.e., the Salt Loco. Yard and the Hubli Station Yard, the total expenditure on which is estimated at Rs. 44 lakhs. I am all in favour of providing in good time for expansion of trade, but if it has been possible to cope with trade in the past with existing facilities, I submit that we can wait a year or two before we start providing for revival of trade even up to the old standard, quite apart from any further expansion that may be anticipated.

It also appears to me that work on the Dohad Workshops on the Bombay Baroda and Central India Railway and the Perambur Shops on the Southern Mahratta Railway for which Rs. 10 lakhs has been provided, might easily be deferred to a time when improvement in trade seems more certain. I realise that it may be possible to show that the early expenditure of these sums on the schemes proposed will actually result in either an immediate saving or an increase in revenue and if the Honourable the Railway Member can give us his assurance that this actually will be the case, then I shall be perfectly ready to withdraw my criticism in this connection.

I am in full agreement with the proposal to complete lines already begun and the renewal of essential bridges, etc., and therefore support all the proposals under this head.

These comments generally I think more or less cover the points I wish to make after perusal of the various statements during the somewhat limited time we have been allowed, and they are submitted with no desire to make unfriendly criticism but merely with the intention of trying to assist in passing a Budget which is in the best interests of the country as a whole.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal : Muhammadan) : Sir, I beg to offer a few observations on the Railway Budget which was duly presented before this House by the Honourable Sir Guthrie Russell on Thursday last for discussion. The present Budget, Sir, is a dismal Budget in all conscience.

The revenues are dwindling every year but not so the expenses proportionately. The Government of India in their wisdom and sagacity have restored half of the cut in salaries of the Railway officials, although the deficit is growing from year to year. What is the use of calling the Railways a commercial concern if its Budget cannot be balanced properly and scientifically ?

Sir, I am not so optimistic of the future expectations of enhanced revenues. I believe the Budget can be much improved if the present top-heavy administration can be thoroughly revised and overhauled. One can understand, Sir, why there were so many railway systems when the different Railways were mostly under private companies and managements and State Railways were few. But now most of the Railways are State-managed and I do not see why some of the Railway Administrations should not be amalgamated. Thus expenditure for overhead charges will be much reduced. People coming from Calcutta know that the East Indian and Eastern Bengal Railways have their distinct and separate head offices with duplicate staffs. The offices are situated at a stone's throw from each other. The Eastern Bengal Railway was for years a deficit concern, though lately it was improving. But I do not see any reason why it should not be amalgamated with the East Indian Railway. Now I should like to ask my Honourable friend Sir Guthrie Russell to compare the Eastern Bengal Railway, with its 800 miles of track, with the North Western Railway. Even if it is amalgamated with the East Indian Railway the total will be less than that of the North Western Railway. I challenge my friend on the Treasury Bench to answer. The joint concern will mean far less cost. Even the Railways Retrenchment Committee recommended and advised that the medical departments of these two Railways should be amalgamated.

Sir, I notice also that there is gross and systematic negligence on the part of the State Railways in the matter of Indianizing the higher posts. That has always been the point taken up by my Honourable friend Lala Ram Saran Das and other Members have also pressed it. The plea that suitable candidates were not available for the transport and mechanical departments does not hold good any more. If the Railway Board, Sir, sincerely desire to enlist qualified railway-trained Indians for high posts, there is no dearth of men now. Mussalmans are conspicuous by their absence in higher grades of offices. The small percentage of Muslims that is shown in the statistics consists of mere clerks and menials. If a percentage of pay is worked out, the Muslim percentage will be evident. Sir, the Bengal Muslims are still more rare and the percentage that is claimed for minorities also goes to the Punjab and the United Provinces Muslims. Sir, I earnestly press that consideration of Bengal Muslims in Railway services should be carefully gone into. Sir, I understand that a few high class apprentices that were trained at Jamalpur are not at all being sent to England for further training this year. The Railway Board has decided that there will be no room even for ten high class apprentices in the Railway system in the whole of India. These apprentices were paid stipends of Rs. 100 per month for the last four years and after expenditure of so much money, now four out of 10 such passed candidates are withheld from further studies in England. Well, Sir, I am right I hope, one of them is a Muslim boy who will be denied further studies and prospects of high railway service. India provides for lots of European engineers on fixed period of service who were imported to train up Indians, but their periods are extended times without number ; while, on the other hand, it is said that there will be no room even

[Mr. Mahmood Suhrawardy.]

for 10 high class trained apprentices. Sir, in times of prosperity money was spent like water uneconomically. I notice that Rs. 200 crores were wasted during the last 10 or 12 years in constructing model stations or building new yards or doubling lines which are yielding no profits. The Indian taxpayer for the last 50 years spent enormous money for capital expenditure on Railways without any dividends or profits. I admit, Sir, that we are passing through hard times, but there is no reason why we should incur a deficit of Rs. 9 crores each year.

Lastly, Sir, I have grievances about the issue of railway passes, also of treating the elected non-official Members of the so-called Central Advisory Railway Council of this House with scant courtesy. But I reserve this matter for future discussion on the Finance Bill.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras : Non-Muhammadan): Sir, I congratulate the Honourable the Commerce Member and the Chief Commissioner for Railways for the very able presentation of his Budget for the year 1933-34, a task that is none too easy even during normal times and one of exceptional difficulty during the unprecedented run of bad years that we are just now having.

The first impression that is created on me on hearing the Budget speech is the need and importance of a fuller appreciation of the nature of the present economic depression, which it is agreed on all hands, is the main cause for the sad state of our Railway Administrations today.

During the past year, there has been a further considerable all-round backsliding in Railway earnings. We, the representatives of the Madras Presidency, are having further anxieties due to the contraction of the market in Ceylon for South Indian rice and paddy, this being mainly due to competition with local produce. The importance of this commodity to South India can easily be gauged if it is realised that rice forms the staple produce of South India and that no less than about 15 per cent. of the South Indian Railway's total goods earnings are derived from paddy and rice alone. The public mind of South India is hence actively exercised over the question of lower rates for rice and arguments are adduced in plenty to support the view that the South Indian Railway rates for this commodity are comparatively high, high to an uneconomic extent, to an extent that would render the free export of and competition of South Indian paddy with the local production practically impossible. Discontent is rife over this question amongst the big landlords who have been exporting considerable quantities of this grain to Ceylon till lately, and who are unable to so carry on, on account of the high railway tariff. I do not want to take more time of the Council in quoting 'acts and figures on this subject since ample of these have already appeared in the press and elsewhere. I wish only to add that in view of the amount of public feeling on this matter, ways and means should be found for effecting a satisfactory compromise early, if nothing better is found possible.

Turning now to questions that affect the whole of India, we find that we have just received the report of the Road-Rail Committee. There has not been sufficient time for most of us to examine the report in detail but so far as could be seen it contains much valuable data and many useful suggestions which, it is hoped, will go a long way in solving the thorny question of road *versus* rail transport. We are also keenly watching today the investigations of the Railway Expert appointed by the Government of India in pursuance of the suggestions of the Railway Retrenchment Committee. In this connection

it appears to me that in view of the appointment of this Expert, most Railways have shelved the report of the Railway Retrenchment Committee, though a trial might profitably be given to many suggestions made in the report. To cite just a couple of instances, it has been suggested that greater encouragement to the staff to offer suggestions for the improvement of Railway working might profitably be given and that a larger number of efficient and qualified superintendents of sections be allowed to manage branches in the absence of officers on leave or otherwise.

In conclusion, I wish to add, as a member of the Local and Central Advisory Committee, that if these committees were charged in future with the administration of the funds set apart for the improvement of passenger comforts, real all-round benefits would accrue. This seems but logical, since it is the Advisory Committees which are at present expected to represent the needs of the public to the Administration and which are in consequence in the full know of the needs of the public. I would also mention in this connection that if meetings of the Central Advisory Committee are arranged more frequently than now, the Committee would more effectively serve the purpose for which it exists. As a matter of fact it is only an Advisory Committee. There are many things which could usefully be discussed and there are many things on which they could make useful suggestions. If this Committee is not to meet at all, there is no meaning in continuing the Committee and I think it is better to abolish it.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : It is no good dilating on the gloomy and unsatisfactory nature of the Budget. It is quite apparent that the Commerce Department thinks that like the other departments of the Government it is more or less a philanthropic association whose work it is to get money out of the pockets of the taxpayers and spend it on their employees. For the last four years we have been running a commercial department at a loss, at an enormous loss, which amounts to nearly Rs. 60 crores, if we take into account the fact that our non-payment of a contribution to the general revenues ; which is not balanced by the paltry amount remaining to our credit in the Depreciation Fund, although as a matter of fact the Depreciation Fund is never meant to meet the requirements of the working expenses of a concern. I looked very carefully into the speech of the Honourable the Commerce Member with regard to the Depreciation Fund. Although I agree with him that the life of the assets is a little low and therefore the contribution to the Depreciation Fund could be reduced, there is another aspect which he has himself emphasised, that the Depreciation Fund in commercial concerns is usually based not on the actual cost, but the cost of replacement. If both these views are taken into consideration, I think our contribution to the Depreciation Fund falls a little short of what it really ought to be. I must congratulate my Honourable friend the Chief Commissioner for Railways and the Financial Commissioner for the beautiful way in which they have camouflaged the figures of working expenses. Apparently it seems that we have effected an economy of Rs. 6·24 crores in the period of four years. But the report of the Railway Board is more honest in this respect. In paragraph 19 on page 11 they say that a good deal of the saving represents expenditures postponed and not permanently reduced. When I compare the figures of Administration and Operation, which are the two departments which really represent the recurring expenditure on which reductions are permanent, I find that the figures are : Rs. 39·42 crores for the former and Rs. 35·54 for the new Budget, which means there is a saving of Rs. 3 crores and 58 lakhs instead of Rs. 6 crores and 24 lakhs that has been shown in the first page of the explanatory memorandum.

[Mr. Hossain Imam.]

The next feature which struck me was the actual outgoings of the Railways. Taking the working expenditure plus the interest charges, if we compare all the outgoings we find that all the savings have disappeared. There is actually no saving if all the costs are taken into consideration. What you save in one you spend on the other head, which shows that during the eight years of the separation of the Railway from the General Budget, gradual schemes of expansion which on paper promised to give handsome returns, in actual practice have greatly disappointed and enormously increased the original costs and have taken away the whole advantage of the separation. The Kangra Valley Project and its fiasco is still fresh in our minds. I was just comparing how the State-owned and State-managed Railways and the State-owned Railways managed by the Companies have fared in a fairly long period. I have taken the year 1923-24 as basic because it was the last year before the separation of the two. I wanted to compare the figures of other Railways but because the East Indian Railway and North Western Railway have been amalgamated and the Oudh and Rohilkhand Railway has been distributed between them, I could not get the actual figures. Therefore, I have taken the Eastern Bengal Railway as a characteristic Railway under State management. I found that the total outgoing expenditure on the Eastern Bengal Railway in 1923-24 was Rs. 5.58 crores, while this year after all the retrenchment has been effected, it is Rs. 6.33 crores—an increase of Rs. 75 lakhs, while the Madras and Southern Mahratta Railway which is a Company-managed Railway has actually effected a reduction in expenditure of Rs. 3 lakhs. It was Rs. 6.97 crores in the year 1923-24 and this year it is Rs. 6.94 crores. A Company-managed Railway has reduced its expenditure by Rs. 3 lakhs while a State-managed Railway has increased its expenditure by Rs. 75 lakhs, which works out to about 14 per cent. of its former outgoing expenditure. The fact that we have spent Rs. 171 crores in this eight-year period on building new lines and spending money on the lines opened has so far deteriorated our position, as far as our outgoings are concerned, that the interest rate per open line of mileage was Rs. 8,000 and some odd, while it is now Rs. 10,370 per mile, which gives us an additional cost of Rs. 3.58 crores on account of additional interest that we have got to pay, on account of increased cost of construction of new lines and money spent on open line work. A curious illustration of the way in which money was spent is submitted by the answer which our Chief Commissioner has given me today. The big railway engines were purchased because it was thought that the working expenditure would be less in fuel costs and they would be able to draw a bigger tonnage at a lesser cost; but the thing that was lost sight of was that many of our bridges and a number of our lines would have to be strengthened and a great deal of money spent on that account to make these engines work these lines. If the rumour is correct some of the Great Indian Peninsula Railway bridges are still to be strengthened, and it is only because there is not sufficient money available that these works have been postponed. As my Honourable Leader has pointed out just now, the number of wagons available and the lesser amount of work justifies the postponing of renewals of 2,500 which the Commerce Member has budgeted for. I would like to bring to his notice the fact that on page 30 of the Railway Board's report, it is given that the wagon mileage is now 31.5 against 36 in 1930-31. That is a greater difference than the difference of two per cent. that was pointed out by my Honourable colleague. This gives us a difference of about 12 per cent. in the actual amount of work that the wagons are doing now. This shows that the available supply of wagons is not sufficient to meet the needs of the Railway Department,

and it is only in order to stimulate the trade that the Government is starting on this scheme. During the war days we had deferred a great deal of our expenditure on replacements and if we now follow suit and reduce our replacement cost to the utmost, I think we would not be in any trouble as far as the supply of wagons goes.

I am glad that the Honourable the Commerce Member has promised that the Railway Department will have to see that no relaxation of the economic campaign is permitted but it remains to be seen whether it is done in actual practice or not. As a matter of fact, I was trying to take a long view of the way in which Indianization has been effected and it will come perhaps as news to the House that the number of Europeans and Anglo-Indians in the service of the Railways between the years 1923-24 and 1931-32 has decreased by only four. While in former years there were 18,064 Europeans and Anglo-Indians on the staff of the Railways, their number now is 18,060, which means a decrease of four in eight years. If the rate of progress is like that, you will take another 36,000 years for complete Indianization of the Railways! I wish to draw the attention of my Muhammadan friends especially to the fact that their number in the retrenchment campaign has been drastically reduced. While the number of non-Moslems on the staff of the Railways on the 31st March, 1931, was 608,884 after retrenchment, on the 31st March, 1932, their number has come down to 577,505, or a reduction of 36,000 and odd, giving a percentage of 4.65. In the case of Muhammadans, their number on 31st March, 1931, was 172,975, and on the 31st March, 1932, we came down to 157,714—a reduction of 15,261, which gives a percentage of 9.67. While the non-Moslems have been reduced by 4.65 per cent., the Moslem staff has been reduced by more than double that figure—by 9.67—

THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Because we are in a minority!

THE HONOURABLE MR. HOSSAIN IMAM:—and this is done after all sorts of promises have been made on the floor of the other place that the Muhammadan interests are being especially guarded. The fact that Mr. Hasan's report has been lying with the Government from the 16th February, 1932, and that no action has been taken on it is ample proof how Government are free in giving promises and slow in fulfilling them.

Now, Sir, I was very surprised that the cuts in salaries should have been restored in a commercial department in the face of the almost bankrupt condition in which the department is working. I quite agree with the suggestion that has been thrown out by the Honourable Mr. Miller that if the Commerce Department cannot do away with the cut in salaries, at least they ought to stop the increments. I would suggest further for the consideration of the Commerce Department the fact that the Lee concessions were given to railway employees as a matter of pure concession. They were never meant for the Railways. They can at least utilise that. If they do away with that they will be able to save a little amount.

There is another point in the economic campaign to which I wish to draw the attention of the Commerce Department and that is about the Clearing Accounts Office. This has been agitated many times before. The Clearing Accounts Office could very well be dispensed with and if a quota is fixed on the Railways for a term of three or five years a sum of about Rs. 18 lakhs could be easily saved on unnecessary work which simply involves book adjustments. No money is brought in from outside. It is only an adjustment from one

[Mr. Hossain Imam.]

account to another account. Most of the Railways are Government property and if a quota is fixed Government will not lose a single pie although I admit that the figures for the different Railways will not be so accurate as they are now. But for the accuracy of figures an expenditure of Rs. 16 lakhs should not be incurred on a department which could very well be dispensed with. If we are going to incur a loss of Rs. 65 lakhs in the restoration of the cuts in salaries, it is up to Government to suggest something to make up that dead loss which we are going to suffer.

From the speech of the Honourable the Railway Member I find that in future Railway revenues are going to bear a share of the total cost of the management of specific Railway debt proportionate to the railway debentures or loans appropriated for specific railway purposes. That is a good scheme and is in accordance with the demand which I put forward in my budget speech last year. But it does not go far enough. The Railway Department, if they are not going to pay the contribution to the General revenues, must at least take full responsibility for the Sinking Fund arrangements that we are making for our loans proportionate to their quota of the debts. If this is done in place of the contribution to the Central Government, it will have two good effects. In the first place, the Sinking Fund operation will reduce the capital and thereby give us a slight decrease in the interest that we will have to pay every year, and in the second place, it will look more equitable than the Commerce Department's contribution to the General revenues. As a matter of fact, that contribution is more or less utilised for the purpose of the Sinking Fund operations but it looks hard on the Commerce Department that it should be called upon to pay it to the General revenues and it is hard for the General revenues to pay Sinking Fund charges for a Department which does not contribute for it. For instance, the annuities that we pay back ought at least to be included in the charges of the Commerce Department.

The last point that I wish to urge on the Railway Department is that they must disburden their mind of the thought that they are a Government Department. They ought to try and run the show on commercial lines and they ought to take a lesson, if possible, from Railways that are being managed by the Companies. It should not be said in the future that because Government were averse to terminating Company-management, they tried to show by their action that State-management does not pay. I want to save the Government from that aspersion that might be cast upon them later on, if they go on working in the present manner.

THE HONOURABLE SIR JOSEPH BHOORE (Member for Commerce and Railways): Sir, before I begin, may I express my regret
 1 P.M. that it has not been possible for me to have the benefit of your sage advice and sober criticism which have been enjoyed by so many of my predecessors for so many years? But that regret is tempered by the knowledge that your experience is now available in a wider and more important sphere in the position which you now occupy.

Sir, the Budget figures which have been placed before the House tell the economic condition of the country in very clear and unmistakable terms. Coming as I do newly to a position of some anxiety, my outlook may perhaps be tinged with undue caution and care, but in present circumstances caution and care do not need any apology or elaborate justification. I would, however, Sir, ask Honourable Members not to lay too much stress on the darker side of the picture. Many Honourable Members have done so. The most dismal

of them was my friend Mr. Suhrawardy. But I would ask them to look for the more re-assuring signs which I believe can be found if they are sought for. Looking beyond the ostensible deficits and having regard to the searching test which has been imposed upon Indian Railways by economic conditions, the one fact that seems to me to stand out above all others is the fact that the financial position of the Railways of India is eminently sound. It seems to me that that position is not surpassed, I should say hardly equalled, by that of any other railway of a comparable character in any part of the world in present conditions and in existing circumstances. In order, Sir, to substantiate that contention, I would like to present to the House the salient figures of the Budget for the current year which seem to me to reflect the intrinsic position. Now, taking account of commercial lines alone, our revised Budget estimates of receipts for the current year amount to Rs. 85·20 crores. We estimate our working expenses at Rs. 47·62 crores. Our interest charges amount to Rs. 31·47 crores. If we provided from revenue for all renewals and replacements during the year not chargeable to capital, it would cost us another Rs. 5·40 crores, and with a further miscellaneous expenditure of Rs. 12 lakhs this would make a total expenditure of Rs. 84·61 crores, as against receipts of Rs. 85·20. There would thus be a small surplus of Rs. 59 lakhs if it were not for the fact that we have to contribute to the Depreciation Fund far more than we spend on current renewals and replacements. Now that result, Sir, despite the fact that we are paying interest charges of Rs. 31·47 crores on a capital of about Rs. 750 crores at the rate of over four per cent. is I submit conclusive proof of the contention which I have advanced today. My Honourable friend Mr. Miller, I am glad to say, was not disposed to criticise us for not embarking on a policy of extended capital construction. I am grateful to him for this, because I had noticed in many quarters a disposition to criticise us for the policy which we have adopted. I think perhaps I ought to say a few words on this matter, since it is of considerable importance. It has found a place in the speech of His Excellency the Viceroy at the opening of the Legislative Assembly. We recognize to the full the advantages which would accrue to the Railways if cheap money could be used for further capital expenditure, and we also recognize the advantage which would accrue to the connected industries if a larger programme of capital works could provide them with more extended orders in this period of stagnation. But there are considerations, and serious considerations, of which the fullest account must be taken on the other side. We must be careful not to embark on any extended capital programme unless we are absolutely certain that the capital outlay is going to be an economic investment, or unless it is absolutely essential in the country's interest. We have very carefully considered this matter, and we came to the conclusion that, having regard to the data in our possession, we were not justified in embarking on a more extended programme than we have provided for in the coming year. There are just one or two features of that programme which I should like to take an opportunity of referring to. As the House must be aware, we have kept a close eye upon our wagon position and we are providing very nearly Rs. 1 crore for the provision of 2,500 new wagons. That, Sir, has been criticised by my Honourable friend Lala Ram Saran Das and by my Honourable friend Mr. Hussain Imam. Now, what I do want to make clear is that these are not premature replacements. They are necessary to ensure that our wagon standard is kept at an economic level. These new wagons are intended to enable us to meet any calls of an unexpected nature in the way of a revival of trade which may be made upon us during the coming year or in the near future, and they are intended to replace wagons which it is at the present moment definitely uneconomic to run,

[Sir Joseph Bhore.]

which in fact cost us far more than they are really worth to us. Then, Sir, in the case of the remodelling of certain stations and certain station yards, my Honourable friend Mr. Miller suggested that expenditure under this head could be postponed. I may assure him that it is not the fact that money is available at cheap rates that has induced us to embark on these projects. I realize that in order to justify these works we must be satisfied that they are economic investments, and we have so satisfied ourselves. In both the cases to which he referred we have come to the conclusion that it would be a definite saving to undertake the work which we are now embarking upon.

My Honourable friend Lala Ram Saran Das raised what was I think an old question in putting forward his objections to the continuance of the enhanced fares and freights. His position was that reductions in freights and fares would result in increased traffic. Now I will concede that on *a priori* grounds my Honourable friend may have a certain amount of force behind him in that contention. I myself would be prepared to concede that theoretically at least a reduction in fares is likely to result in an increase in traffic. But my difficulty is a practical one. The protagonists of that theory are in the first place not able to tell us what particular decrease in rates will result in what particular increase in traffic. Then, Sir, it is not sufficient that there should be merely an increase in traffic. Increased traffic very often means, and in some cases necessarily means, an increase in working expenses. We must therefore be certain that the increase in traffic will cover not merely the contingent increase in working expenses but will also cover the loss which will result from the decrease in the rates on the traffic carried at present. Now, Sir, a forecast on these matters it is almost impossible to make with any accuracy and we can take no risks in regard to the future. Like all economic generalisations, this one is *prima facie* attractive, but the difficulty comes in when you proceed to give practical application to them; I can however assure my Honourable friend that this is a matter which is constantly under the review of the Railway Department. It is a matter of vital concern to them for they have to see that they do not go below the point of diminishing returns. Then, Sir, the question of the effect of railway rates on industry is a matter which I do not think I should be justified in dealing with in any detail. It is a perfectly justifiable proposition to contend that railway freights should be regulated in order to assist industries; but, Sir, so long as Railways are required to be run on commercial lines it is not open to the Government to say that you shall quote certain preferential rates for certain commodities when those rates are in the opinion of our Railway experts not economic rates.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Why is that done in the case of the Army Department?

THE HONOURABLE SIR JOSEPH BHORE: I shall be coming to that presently. The only point I would make is this, that if the management of Railways is to be carried on on commercial lines, then, Sir, Government must assist industries in some other way. Here is one method. It is open to them—and in fact it has been done if my memory serves me correctly in the case of the Punjab Government—to make themselves responsible for the difference between the preferential rate and the economic rate on certain commodities; but I think my Honourable friend Lala Ram Saran Das is too clear-headed a business man not to agree that I am perfectly reasonable in my view when I say that you cannot ask me to pay Rs. 31.47 crores as interest on the capital

at charge of the Railways as a first charge and at the same time turn round to me and say that you shall adopt certain rates in respect of certain commodities which in our view makes it impossible for us to earn and pay that rate of interest.

My Honourable friend, Lala Ram Saran Das, referred to the question of preferential treatment of the Army Department. I think that is a point which he has made on more occasions than one in this House. I admire his persistence, but may I draw his attention to what my predecessor said, I think it was last year or the year before. He said it is sometimes wise to let sleeping dogs lie, because you never know if you make certain demands in one direction whether other demands may not be made against you in other directions and your second state may be worse than the first. At the same time I can give my Honourable friend this consolation that I am looking carefully into the matter. Then, Sir, my Honourable friend referred to the mechanical apprentices at Jamalpur. He was slightly wrong in his figures. The question does not affect 12, it affects only 10 individuals at the present moment. But I can say to him that this matter has not come within my official cognizance as yet and I give him the assurance that I shall look personally into it. (Applause.)

Then, Sir, my Honourable friend Mr. Kalikar said that he expected some statement about the future acquisition of Company lines. Well, as the next occasion on which a decision would have to be taken will not occur before the year 1937, may I suggest to him that he is a little premature in his expectation? He also suggested that had we appointed the expert committee, the expert committee would have been of great assistance to Mr. Pope. May I suggest to him that this is placing the cart before the horse. Our idea is that Mr. Pope should make the preliminary investigation and when the data we want are available it should be worked on by the expert committee which we hope to get this next cold weather.

Reference has been made in regard to our action in restoring half the cut. Now, Sir, I dealt with that matter in presenting the Budget in another place and there is nothing more that I have to say in regard to it except to emphasise one point and that is this, that coincident with the removal of half the cut we have taken away the income-tax and super-tax privileges which existed during the current year.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: That was not Railway income.

THE HONOURABLE SIR JOSEPH BHORE: Yes, Sir, because the Railways were responsible for making a contribution to General revenues to that extent and we shall now be relieved of that contribution. The result will be a graduated scale of salary deductions. In fact I may say that my Honourable friend the Chief Commissioner for Railways will possibly be only Rs. 25 or 30 per month better off.

THE HONOURABLE MR. H. M. MEHTA (Bombay : Non-Muhammadan): I am very happy to say that the higher officers will lose, but the lower officials will gain to the tune of $3\frac{1}{2}$ per cent. In the case of monthly salary of Rs. 1,275, it will mean a gain of 1·30 and those earning more than Rs. 3,000 and over will lose by ·80.

THE HONOURABLE SIR JOSEPH BHORE: I think my friend is probably right.

THE HONOURABLE MR. H. M. MEHTA : I worked it on the insurance basis of underwriting.

THE HONOURABLE SIR JOSEPH BHORE : I am very much obliged to him for the information and I am sure the House generally will be.

THE HONOURABLE MR. E. MILLER : What about increments ?

THE HONOURABLE SIR JOSEPH BHORE : I am not prepared to make any pronouncement about increments, because that is a matter of much more general application and no action can be taken in regard to the Railways which is not equally applicable to all the general services.

It is a little difficult for me to roam over the debate which has raised so many individual points. I have endeavoured to pick out what seemed to me some at any rate of the most important. But I would like to say this. I would like to give the House a personal assurance that I in common with others who are responsible for the administration of the Railways of India not merely do not resent criticism but welcome it. And if I have not been able to refer to every single point that has been raised in the course of the debate today it is due largely to the fact that I have had as yet not that personal touch with all administrative matters pertaining to the Railways which is necessary to enable me to reply off-hand to any criticism and comment that may be made, but I can assure Honourable Members that everything that has been said today will be examined and considered with the greatest care.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : What about the surcharge on coal ?

THE HONOURABLE SIR JOSEPH BHORE : I am not prepared, Sir, to deal with that separately from the general question of the effect of railway rates and freights on industries. And in regard to that, Sir, I have already stated what my general views are. I would assure the House that all responsible railwaymen do regard themselves as in a very special manner the servants of the public. They realise that it behoves them to render service which will be free of all cause of complaint or criticism. We realise that a trust of the greatest magnitude has been committed to our charge. We realise that mistakes and errors may have been made in the past. We realise our own fallibility and the ease with which we ourselves may also fall into like errors but we do say that despite the errors and mistakes that have been made, the administration in the past has left our Railways in a position of undeniable soundness and strength. (Applause.)

The Council then adjourned till Eleven of the Clock on Monday, the 20th February, 1933.

COUNCIL OF STATE.

Monday, 20th February, 1933.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

COMMUNICATION FROM THE INDIAN MERCHANTS' ASSOCIATION, KARACHI, REGARDING PROTECTION OF INDIGENOUS INDUSTRIES AGAINST DUMPING.

61. THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD :

(a) Have Government received a communication from the Karachi Indian Merchants' Association strongly supporting the demand for the promulgation of a law enabling the Government to take immediate executive action to combat the abnormal import of manufactures, notably from Japan, which is considered to be in the nature of dumping, in order to protect indigenous industries ?

(b) If so, do Government propose to take any action in the matter ?

THE HONOURABLE MR. J. C. B. DRAKE : (a) Yes.

(b) The matter is engaging the attention of the Government of India.

CUSTOMS DUTY ON NEWSPRINT.

62. THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD :

(a) Is it a fact that formerly newsprint was allowed to enter free into this country and latterly was subject to a duty of 25 per cent. before the preferential tariffs under the Ottawa Agreement came into force ?

(b) Is it a fact that customs duty at the rate of 30 per cent. is now being charged on newsprint of non-British origin imported into India from the 1st January, 1933 ?

(c) Is it a fact that Schedule F, item 120 of the Ottawa Agreement, exempts newsprint from the 10 per cent. preferential duty ?

(d) If so, why is the preferential tariff levied on newsprint ?

THE HONOURABLE MR. J. C. B. DRAKE : (a) Newsprint was never on the free list of the Statutory Import Tariff Schedule but until very recently was liable to duty at the general rate.

(b) and (c). Yes.

(d) The matter is engaging the attention of Government.

TOTAL INDIANIZATION OF THE ARMY.

63. THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD :
 (a) With reference to the question of the total Indianization of the Army in India, will Government be pleased to say if the Rawlinson Committee expressed the opinion that the process of the Indianization of the Army could be completed within less than 40 years ?

(b) Is it a fact that the Indian Sandhurst Committee, including General Sir Andrew Skeen, in their report condemned the eight units scheme and expressed the opinion that half the cadre of officers could be Indianized within 25 years ?

(c) What is the present policy of Government as regards the Indianization of the Army and how long will the complete Indianization of the Army take under their existing scheme ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) The Honourable Member is presumably referring to the scheme prepared by a committee of military officers under the chairmanship of General Shea which was appointed by the late Lord Rawlinson in 1922. A summary of this scheme, to which the Honourable Member's attention is invited was laid on the table of the Legislative Assembly on the 17th February, 1931, in reply to part (k) of starred question No. 508.

(b) The Indian Sandhurst Committee recommended that the eight units scheme should be abandoned. The reasons why Government were unable to accept this recommendation are given in Sir William Birdwood's speech in this Council on the 9th March, 1928, and Mr. Mackworth Young's speech in the Legislative Assembly on the 8th March, 1930.

The Indian Sandhurst Committee also recommended a scheme for a progressive increase in the number of King's Commissions to be granted to Indians, the effect of which would be that half the cadre of officers in the Indian Army would be composed of Indians by 1952, i.e., in 25 years.

(c) The present policy of Government is to Indianize completely one division and one cavalry brigade, with their full proportion of technical arms and ancillary services. Further progress towards complete Indianization will depend on the degree of success obtained in carrying out this policy, and I am therefore not in a position to give an answer to the latter part of the question. But I may add that the intention of Government is to proceed with Indianization as rapidly as possible with due regard to efficiency.

APPOINTMENT OF TRADE COMMISSIONERS AT DURBAN, ALEXANDRIA AND MOMBASA.

64. THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD :
 (a) Is it a fact that the Near East Trade Mission suggested the appointment of Trade Commissioners at Durban, Alexandria and Mombasa for promoting Indian trade interests ?

(b) Has financial stringency alone stood in the way of Government's carrying out these recommendations or are there some other reasons also for the same ?

(c) Is it a fact that the High Commissioner in London recently wrote with reference to the achievements of the Trade Commissioner at Hamburg that the results amply justified the appointment ?

(d) Do Government propose to reconsider the question of the appointment of Trade Commissioners as suggested in (a) ?

THE HONOURABLE MR. J. C. B. DRAKE : (a) Yes.

(b) There is no other reason except financial stringency.

(c) Yes.

(d) Not while the present financial stringency continues.

RESOLUTION PASSED BY THE UNITED PROVINCES LEGISLATIVE COUNCIL
REGARDING RETRENCHMENT IN THE ALL-INDIA SERVICES.

65. THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD :
(a) Is it a fact that the United Provinces Legislative Council passed the following Resolution in November last :

“ This Council recommends to the Government to represent to the higher authorities the desirability of sanctioning at an early date the scheme of retrenchment relating to all-India services which had been forwarded to them by the Local Government sometime ago and also to ask their permission to lay on the table the correspondence in this connection.”?

(b) What are the details of the scheme referred to in the Resolution which was forwarded to the Government of India by the United Provinces Government with regard to retrenchment relating to all-India services ?

(c) What decision, if any, has the Government of India taken in the matter of retrenchment relating to all-India services ?

(d) Do Government propose to comply with the request of the United Provinces Legislative Council contained in the last part of the Resolution by granting permission to the United Provinces Government to lay on the table of the Council the correspondence in this connection ?

THE HONOURABLE MR. M. G. HALLETT : (a) Yes.

(b), (c) and (d). Government regret that they are unable to divulge the details of the scheme as no decision has yet been reached. The Local Government have been asked for further information on certain points and their reply is awaited. The correspondence must in accordance with the ordinary procedure be kept confidential.

STATEMENT LAID ON THE TABLE.

NUMBER OF EMPLOYEES BEFORE AND AFTER RETRENCHMENT ON THE
STATE RAILWAYS.

THE HONOURABLE MR. J. C. B. DRAKE (Commerce Secretary) : Sir, I lay on the table the information promised in reply to question No. 51 asked by the Honourable Rai Bahadur Lala Ram Saran Das on the 20th September, 1932.

74 Statement showing the number of employees communitywise retrenched on the State-managed Railways up to 15th September, 1932, and the total number of employees communitywise employed before this retrenchment.

Railway.	Officers.										Subordinates and others.										Remarks.				
	Number employed before retrenchment.					Number retrenched.					Number employed before retrenchment.					Number retrenched.									
	Europeans.	Anglo-Indians and Domestics.	Hindus.	Muslims.	Others.	Total.	Europeans.	Anglo-Indians and Domestics.	Hindus.	Muslims.	Others.	Total.	Europeans.	Anglo-Indians and Domestics.	Hindus.	Muslims.	Others.	Total.							
East n Bengal	77	11	30	7	3	124	2	3	4	...	...	...	17	632	38,316	15,183	602	54,939	...	(a) 34	1,147	293	...	1,433	(b) This excludes retrenched staff who have been re-employed.
East Indian	194	37	63	17	6	337	..	2	8	1	1	13	1,105	2,131	97,744	27,432	1,183	129,584	112	189	9,373	2,760	196	13,630	
Great Indian Peninsula.	190	9	36	10	11	256	10	1	2	...	2	15	501	1,763	71,542	12,683	5,387	91,625	45	133	4,261	848	368	5,663	
North Western	165	17	71	18	16	287	4	...	9	...	2	15	721	1,074	43,528	69,316	9,769	132,423	2	22	2,894	5,706	639	9,263	
Burma	94	8	5	1	7	115	3	...	...	...	...	3	39	540	17,180	2,407	5,221	26,387	1	13	1,608	137	640	2,399	

MOTION FOR THE ELECTION OF THREE MEMBERS TO THE STANDING COMMITTEE FOR ROADS.

THE HONOURABLE MR. J. A. SHILLIDY (Industries and Labour Secretary): Sir, I move :

"That this Council do proceed to the election for the financial year 1933-34, in such method as may be approved by the Honourable the President, of three Members to serve on a Standing Committee for Roads which will be appointed by the Governor General in Council and the constitution and functions of which shall be as defined in the Resolution on Road Development as adopted by the Council of State on the 4th March, 1930."

The motion was adopted.

MOTION FOR THE ELECTION OF SIX NON-OFFICIAL MEMBERS TO THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

THE HONOURABLE MR. J. C. B. DRAKE (Commerce Secretary): Sir, I move :

"That this Council do proceed to elect in such manner as may be approved by the Honourable the President, six non-official Members from the Council who shall be required to serve on the Central Advisory Council for Railways."

The motion was adopted.

THE HONOURABLE THE PRESIDENT: As both these motions have been adopted, I declare that nominations for the Standing Committee for Roads and for the Central Advisory Council for Railways will be received up to 5 P.M., on Tuesday, the 28th February, 1933.

INDIAN MARINE (AMENDMENT) BILL.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Sir, I move :

"That the Bill further to amend the Indian Marine Act, 1887, for a certain purpose, as passed by the Legislative Assembly, be taken into consideration."

Sir, the measure I propose is in itself only a small one which I hope will appeal to Members of all Parties of this House. It does, however, contain within it the germ of much greater things and is one of the steps towards India's assuming more responsibility than she does at present for the defence of her coast and ports as I feel Honourable Members will agree with me she is bound to do to a greater extent as she progresses in self-government.

Those of us who pay taxes in England know to our cost the enormous sums that are taken now from our pockets every year for the naval defence of the coast and ports of India and of outlying portions of the Empire, and towards the cost of that naval defence of India and her ports, we in India here only subscribe £100,000 a year, and for that we get the policing of many thousands of miles of our coast and its safety in peace time and an assurance that in time of war our four great ports will be reasonably safe, and it seems to me to be as certain as anything can be certain in political life that the British tax-payer will not foot the bill for ever.

[His Excellency the Commander-in-Chief.]

The Royal Indian Marine is for its size, and in view of the fact that it is considerably handicapped by the smallness of its fleet, a most efficient service and under the expert guidance of Admiral Sir Humphrey Walwyn has made very great progress in the last few years. We wish, as soon as funds permit, to bring into existence a small voluntary reserve of officers for the Royal Indian Marine with two objects. We desire, in the first place, to encourage this young but very efficient and soon to be predominantly Indian service by stimulating interest in naval affairs and giving an opportunity to private gentlemen in India, both Indian and British, a chance to learn something about naval duties. We wish, in the second place, to provide ourselves with a number of at least partially trained officers who may be able to discharge duties of very real importance connected with the local defence of our Indian coasts and ports should it become necessary in time of war. The small cadre of regular Indian marine officers is not nearly large enough for that purpose and we therefore hope that this small reserve will be of very practical as well as of theoretical use.

I have spoken in terms of very high praise of the Royal Indian Marine. I could wish myself that it was a navy in name as well as in fact, and I can assure the House that if any popular desire manifests itself to revive the Indian Navy Bill, which was unfortunately rejected in another place some time ago, we shall only be too glad to respond to that desire and to re-introduce that Bill. Meanwhile, any step which will bring the need of India to prepare herself for naval defence in the event of war into prominence in however small a way deserves in my opinion the very strongest support from all parties. The Reserve we have in view will be a very small one at its beginning. It will not consist of more than 50 officers in the first instance and it will be open alike to Indian and British gentlemen. We hope that it will not cost in the first year more than Rs. 40,000, and considerably less than that in succeeding years. Its members will receive 14 days training a year, of which a considerable proportion will actually be spent at sea in one or other of the sloops of the Indian Marine.

Now, Sir, in order to bring a Reserve of this kind into being, it is necessary to provide for the discipline of its members while they are undergoing training or in the event of their being called up for service, and the only way of doing that is to bring them under the Royal Indian Marine Act. This is what the present Bill is intended to do.

Sir, I move.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : Sir, when there is a cry in the country for the Indianization of the military services, both army and navy, it is now of supreme necessity that the Bill further to amend the Indian Marine Act of 1887 as passed by the Legislative Assembly must have the entire support of this Honourable House. In a clear and concise manner has Mr. Tottenham stated the objects of and reasons for the amendment to this Bill. And it does our heart good to learn that opportunity will be provided for marine service on a voluntary basis for those persons in India who are interested in nautical pursuits. Indians, Sir, were not formerly admitted to the Royal Indian Marine Service and also in the Mercantile Marine Service but it is gratifying to observe that they are now being admitted to both the services. In reply to a question of mine last year, Sir, I had it from His Excellency the Commander-in-Chief that half a dozen Indian lads were being given training for the Royal

Indian Marine Service. As regards the number of cadets on board the H. M. S. "Dufferin" for Mercantile Marine Service this Honourable House is perhaps aware of it from the announcements in the press. All these things augur well for India. Indians must take full advantage of the provisions of this Bill when it is passed into an Act and it will be the duty of us all to encourage Indian youths to join the proposed Royal Indian Marine Volunteer Reserve. I wish I could also join it but I am afraid my age will stand in the way. It is hoped, Sir, that no sooner the passing of the Bill is announced in the papers that Army Headquarters will be flooded with applications from a large number of Indian youths. This important amendment to this Bill is in itself an indication of Government's sincerity of purpose as regards admitting Indians to the navy and as such their sincerity must be reciprocated by our sincere action. I hope, in selecting candidates for marine service on a voluntary basis, preference will be given to Indians regarding the numerical strength of the proposed corps.

However, Sir, I should not take up much of your time but only hope the House will gladly support the passage of this Bill which aims at doing some tangible service to the country.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern: Non-Muhammadan): Mr. President, the object of this Bill as given in the statement of objects and reasons is to raise and organize a small Royal Indian Marine Volunteer Reserve, on much the same lines as the Army in India Reserve of Officers on the military side, in order to provide an opportunity for marine service on a voluntary basis for those persons in India who are interested in nautical pursuits, and, at the same time, to constitute a potential reserve of officers for use in emergencies, when the officer strength of the Royal Indian Marine will require expansion. That being so, Sir, I welcome this measure. But I would like to be sure on one point. Although it has been stated that the Reserve will be open to Europeans, Indians and members of the domiciled community, which means that Indians will be equally eligible for membership with Europeans, but I would like to know what would be the proportion of Indians and Europeans in the composition of the proposed Marine Reserve, for, legal eligibility of Indians for membership is not enough. Indians are equally eligible with Europeans for so many offices under the Crown, but all the same in practice those offices are not equally shared by Indians and Europeans. I have raised this question of recruitment to the Marine Reserve because I remember that in regard to the corresponding Army force, namely, the Army in India Reserve of Officers, there have been complaints that it is composed mainly of Europeans. If I mistake not, Mr. Young, the former Army Secretary, also stated in the Legislative Assembly some years ago that Indians were equally eligible with Europeans for appointment to the Army in India Reserve of Officers, but on further inquiry it transpired that of the 379 officers then constituting the force only 19 were Indians. No doubt we will be told that this disparity in numbers is due to the lack of suitable Indian candidates. This plea of want of suitable material has for long stood the authorities in good stead, though it has not brought conviction to Indian public opinion. But, whatever the reason for the comparatively small number of Indians in the Army in India Reserve of Officers, the question is whether on the same ground the proposed Marine Reserve of Officers will be composed mostly of Europeans or whether Indians will be recruited in adequate numbers. I hope His Excellency the Commander-in-Chief will be good enough to throw some

[Rai Bahadur Lala Jagdish Prasad.]

light on this point, for I feel that if the Reserve is to be Indian in name and European in composition then it is hardly fair to burden the Indian taxpayer with further expenditure in this connection.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: I think I can assure the Honourable Member who has just sat down that there will be no discrimination in this case. As regards the regular officers of the Royal Indian Marine, there are now eight Engineers and four Executive Officers, Indians, under training at home, and as regards the Reserve that I have just spoken about when I introduced the measure, I can give him my personal assurance that there will be no question at all of excluding Indians and keeping only Europeans. It is intended that this naval service shall be predominantly Indian (Applause) and it will be my object to see, if we can possibly get people to take it up, that the Reserve Service also will be more Indian than British.

THE HONOURABLE THE PRESIDENT: The question is :

"That the Bill further to amend the Indian Marine Act, 1887, for a certain purpose, as passed by the Legislative Assembly, be taken into consideration."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Sir, I move :

"That the Bill, as passed by the Legislative Assembly, be passed."

The motion was adopted.

NEGOTIABLE INSTRUMENTS (AMENDMENT) BILL.

THE HONOURABLE MR. J. B. TAYLOR (Finance Secretary): Sir, I move :

"That the Bill further to amend the Negotiable Instruments Act, 1881, for a certain purpose, be taken into consideration."

Last Thursday I explained the object of what is a very simple measure designed to protect banks and the public in respect of endorsements or cheques which are apparently payable to bearer. The Bill has a fairly long history behind it. In 1924 the Bombay High Court decided that a *hundi* which was on the face of it payable to bearer, but bore an endorsement restricting its bearer character, had thereby changed its character, so that the bank which paid the instrument to the presenter was not protected from claims from a third party in respect of the matter endorsed on the back of the bill. This decision aroused something like consternation in the banking world and the Associated Chambers of Commerce asked that Government should amend the law forthwith. They contended that it was the universal practice of all banks to treat a document by what appeared on the face of it ; if it was an "order" document when it was presented, then the bank examined the endorsements to see that payment was made to the holder in due course ; but if the document was on the face of it a bearer instrument, then the banker was under no obligation to check the endorsements on it and in fact did not do so.

After consultation with Local Governments and commercial bodies, it was provisionally decided to introduce legislation to provide that a negotiable instrument payable to bearer should not in any circumstances lose its character as a bearer instrument or account of having been endorsed. A Bill on these lines was introduced in the other House in January, 1927, and was referred to a Select Committee; but after various vicissitudes it was finally rejected in 1929. There had throughout been a considerable divergence of opinion about the form in which we were then proposing the legislation. In the first place, there was a very general feeling that the change proposed was too wide. *Hundis* are Indian bills of exchange varying widely in character, and though under section 1 of the Negotiable Instruments Act that Act does not affect any local usage relating to any instrument in an oriental language, unless specifically excepted, it was felt by considerable sections of Indian opinion that the amendment then proposed might possibly affect traditional usage in respect of *hundis* and this they regarded as undesirable, uncalled for by Indian opinion and generally unnecessary. There was also a strong feeling that, with the Indian Central Banking Enquiry Committee beginning its investigations, it would be desirable to have the matter further and more fully investigated by that expert Committee. The matter was accordingly referred by Government to the Banking Enquiry Committee for their examination and report.

The views of the Indian Central Banking Enquiry Committee are given in paragraph 564 of their report and are as follows :

"The question has been fully considered by the provincial Committees and some of them have recommended that the Negotiable Instruments Act should be amended so as to provide that cheques originally drawn to bearer would, despite any endorsement, retain their character as bearer instruments. We concur in this recommendation. We also approve of the recommendation made by the Madras Committee that any holder of a cheque should have the right to alter the character of the cheque from 'bearer' to 'order' on the face of it and that the alteration should be supported by the name of the drawer or holding endorser who makes the alteration. It should not, however, be altered by endorsement on the back of the cheque. We further recommend that *hundis* which are drawn in the form of cheques should be treated similarly. We are not, however, in favour of interfering with the existing practice in regard to other *hundis* and do not recommend that the practice 'once a bearer, always a bearer' should be made applicable to such *hundis*."

When Government came to examine the recommendations of the Committee, we found that to follow them in their entirety would necessitate fairly wide amendments of the Negotiable Instruments Act, these amendments being due to the necessity of more clearly defining the liabilities of parties who might endorse bearer instruments. We consulted the Imperial Bank who are our expert advisers in the matter, and the Managing Governors, after carefully considering the whole question, came to the conclusion that all that was desired by the Banking Enquiry Committee and by bankers could be adequately met by a much more simple amendment of the Act—the amendment which I am now putting before the House. This amendment leaves untouched the liability of any endorsee and confines itself entirely to the three essential points in the recommendation of the Committee: first, that banks should be protected if they pay the bearer on what is on the face of it a bearer cheque; second, that the drawer of a cheque payable to bearer can secure the additional protection by making it payable to order if he so desires by altering the word "bearer" to "order" on the face of the instrument; and thirdly,—and this is the point on which Indian opinion was strong at the time the first legislation was introduced—that though *hundis* which are definitely drawn in the form of cheques, and which in fact

[Mr. J. B. Taylor.]

are cheques, should be included in the legislation, no reference will be made to negotiable instruments as a whole, so that there is no risk of other *hundis* being at all affected.

What then is the essential change proposed by the Bill, and what will be its effect? Practically every printed cheque in this country bears the words "Pay to so and so or bearer". If the word "bearer" on the face of the instrument is altered to "order," then the bank on which the cheque is drawn will be on its guard and will verify the endorsement and will not make payment except to the party in whose favour the cheque has been drawn or to whom he has endorsed it. If, however, the cheque is still open, that is to say, is still payable to "bearer," the bank will be safeguarded if it does make payment to the bearer without having to trouble about any matter written on the back.

The object of the amendment has, however, a wider scope than the mere protection of banks. What we primarily wish to do is to foster the cheque habit in the interests of the financial development of the country as a whole, and it is an essential part of the development of this habit that the purport of a cheque should be clear not to the expert only but to the layman who uses it. The principal difficulty with which we are faced in India in developing the cheque habit, as was pointed out by the Banking Enquiry Committee, is the prevailing illiteracy of the people and the fact that with the large number of commercial scripts in existence and the comparative lack of literacy in the Roman script, bearer instruments which can be paid to the bearer without the necessity of endorsement as they pass from hand to hand serve a very definitely useful purpose. They can be used and understood by people who are not necessarily literate. That is why the ordinary cheque in India is printed payable to bearer, while the ordinary cheque in England is printed payable to order. That whole purpose will be destroyed if bearer cheques can be altered by writing which does not appear on the face of the instrument and which may be unintelligible to the party dealing in the cheque. The amendment cannot affect any legitimate interest because anybody who is afraid of the risk attaching to a bearer instrument need not accept payment in that form. The people whom we wish to protect are those who accept what they think and what appears on the face of it to be a bearer cheque and then find that it is nothing of the sort. As it is desirable to encourage the cheque habit and as this is a simple measure which is being put forward after long discussion with experts and after an exhaustive enquiry by the Banking Enquiry Committee, to help towards this useful object, I commend it to the acceptance of the House.

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE Mr. J. B. TAYLOR : Sir, I move :

"That the Bill further to amend the Negotiable Instruments Act, 1881, for a certain purpose, be passed."

The motion was adopted.

CHILDREN (PLEDGING OF LABOUR) BILL.

THE HONOURABLE MR. J. A. SHILLIDY (Industries and Labour Secretary): Sir, I move:

"That the Bill to prohibit the pledging of the labour of children, as passed by the Legislative Assembly, be taken into consideration."

Sir, I am glad to think that very little is required from me with regard to this Bill. I see no amendments down and I hope that is an indication that the general principle of the Bill is accepted by all the Members and that there will be complete support without any opposition. The object of the Bill is, I am sure, one that must appeal to every Member of this Council. Any attempt reasonably and properly made to protect children in service must, I think, commend itself to this Council. The origin of this Bill came from the investigation of the Royal Commission on Labour. In the course of their investigation they found that there was a custom of pledging the labour of children and they did not find this only in one particular locality or in one particular industry but they found it in the *bidi* factories of Madras, in the carpet factories of Amritsar and the cotton mills of Ahmedabad, and I see from a statement made in another place that this is a common custom also in regard to domestic service. Let me read out to the House one instance of an agreement:

"I, Booter, son of Chakli, Chowkidar, of Amritsar, owe Rs. 57 odd, of which half is Rs. 28-8-0, which I have borrowed from Booty, weaver, in advance. I agree that my grandsons N. and F. should be handed over for the purposes of carpet weaving. N. is to get Rs. 9 per month and F. is to get Rs. 7 per month. I will take the wages monthly, I will not break this agreement. If I break this agreement I will return all the money I have borrowed to the man who has lent it to me."

Now, in that agreement the child is hardly taken into consideration at all. His interests are not being considered and it is not surprising that after evidence of this kind had been gathered the Royal Commission should have said that the system was indefensible, that it was worse than the system of indentured labour for an indentured labourer enters into a contract as a free agent while the child is not.

Sir, I turn to the Bill and it has this great merit that it is both short and simple. In the second clause you will find the definitions. An agreement to pledge the labour of a child is in very wide terms. It is an agreement written or oral, express or implied. We do not want to have a loophole here whereby on some pretext or another an agreement may escape from the purview of the Act. But I would draw your attention at the same time to the proviso which says that an agreement made without detriment to a child, and not made in consideration of any benefit other than reasonable wages to be paid for the child's services, and terminable at not more than a week's notice, is not an agreement within the meaning of this definition. I have heard it said that the result of this Bill will be that we shall prevent children from adding by work to the family income. If any Member has any delusion on this point or any wrong information, I would draw his attention to this proviso. Then a child is a person who is under the age of 15 years and a guardian includes any person having legal custody of or control over a child. These are the definitions.

Passing to the rest of the Bill clause 3 lays down that an agreement to pledge the labour of a child shall be void. It simply ends all agreements. In clause 4 you have the penalty for the parent who enters into such an

[Mr. J. A. Shillidy.]

agreement. In clause 5 you have the penalty for the person who makes the agreement with a parent or guardian. And in clause 6 you have the penalty for the employer who employs that child knowing or having reason to believe that such an agreement has been made. Now, the first, second and third clauses all come into operation immediately the Bill is passed, but clauses 4, 5 and 6 will come into operation on July the 1st and the reason for that is obvious. It is perhaps a strange and somewhat sobering reflection that a great many people in this country do not even know of our existence and still less of the Bills that we pass. It takes a long time for information of our activities to filter down into the districts and into the smaller places. It would obviously be unfair that people who had entered into agreements thinking that they were legal agreements should suddenly find that they were subjected to penal obligations. The object therefore of giving this time is to enable people who are concerned with such agreements to bring them to an end as soon as possible.

Sir, there is nothing more for me to say. As I have said before, I feel that this Bill must commend itself to every Member of this Council.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : Sir, I am glad to be able to learn from the statement of objects and reasons for this Bill that Government are going to act up to a particular recommendation of the Wheatley Commission when some other important recommendations of this Commission have not been given effect to yet. Child labour there is in India, and must be in India so long as Government will not endeavour to wipe out the illiteracy of the masses by introducing free compulsory primary education in India. But when free compulsory primary education seems to be a far cry—

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal : Muhammadan) : On a point of order, Sir. This question of free compulsory primary education is a matter for the Local Governments to consider.

THE HONOURABLE THE PRESIDENT : Order, order.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : —it is but meet that in a poor country like India, where there is a considerable number of children from 12 to 15 years of age employed almost every day in different places and sometimes in unhealthy surroundings, some sort of legislation must be enacted to regulate child labour. And the Bill before us, Sir, seems to be conducive to the best interest of the country when it proposes to prohibit the pledging of the labour of children and as such we should have no objection to record our votes in favour of the passage of this Bill.

With these few words, Sir, I would like to support the Bill moved by the Honourable Mr. Shillidy.

***THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR** (Madras : Muhammadan) : Sir, I rise to give my whole-hearted support to the motion which has just been moved. The remarks which have been made by the Honourable Member who has just sat down show that he is also entirely in support of the Bill. But I was surprised to hear from him that one reason which he thought was responsible for these children being let loose on the streets and inducing them to take to these hard types of labour was the want of proper facilities for compulsory primary education. As has been remarked

* Speech not corrected by the Honourable Member.

by my Honourable friend Mr. Suhrawardy, this is a matter which is the concern entirely of the Local Governments, and to lay any stress on it here is entirely out of place. Sir, it is not so much the want of proper facilities for the education of the children that is responsible for this state of things. It is more a question of employment. It is the want of employment and want of resources on the part of the parents to meet the requirements of their family and children. It is more to eke out a livelihood for the maintenance of the family that the children are tied down to such hard labour. But, Sir, whatever might be the excuse for the parents to pledge their children to such hardships, it is necessary that every step should be taken to see that child labour is not hypothecated in the way in which it is done today, and this evil, which appears to be growing every day in view of the evidence tendered before the Royal Commission, has got to be arrested.

I do not think, Sir, anything further need be said about the merits of the Bill, since the principle of the Bill appears to commend itself to every section of the House.

*THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, I had no intention of intervening in this debate and if I do so, it is only because of the small passage-at-arms between a member of my Party and the Deputy Leader of the other Party. The question of primary education is no doubt, as every one knows, the concern of the Provincial Governments, and he did not ask this Government to do anything to promote primary education. He was referring to the fact that because there is no primary education to engage the children—it is for that reason that boys and children are usually going in for this sort of employment.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY : He did not say that clearly.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : It is implied.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY : The implication was not clear, excuse me.

THE HONOURABLE MR. HOSSAIN IMAM : The words that he used were these. I will read them out :

“ Child labour there is in India, and must be in India, so long as Government will not endeavour to wipe out the illiteracy of the masses by introducing free compulsory primary education in India ”.

The only reason why this Bill was not passed last session was because the wording of the former Bill as brought in the Assembly was a little unfortunate and people thought that even proper employment of children may be penalised and it was to remove this evil that this Bill was referred to a Select Committee. In the form in which it has come to us it is so inoffensive that even the Assembly did not prolong the debate, so this Council can have absolutely nothing to say against it. This Bill is quite good enough and there is no reason to oppose it. Therefore we all support it.

*Speech not corrected by the Honourable Member.

THE HONOURABLE THE PRESIDENT : The question is :

"That the Bill to prohibit the pledging of the labour of children, as passed by the Legislative Assembly, be taken into consideration."

The motion was adopted.

Clauses 2, 3, 4, 5 and 6 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. J. A. SHILLIDY : Sir, I move :

"That the Bill, as passed by the Legislative Assembly, be passed."

The motion was adopted.

INDIAN FOREST (AMENDMENT) BILL.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN
(Education, Health and Lands Member) : Sir, I move :

"That the Bill further to amend the Indian Forest Act, 1927, for a certain purpose, as passed by the Legislative Assembly, be taken into consideration."

Honourable Members have no doubt noticed that the Bill consists of a definition of the word "owner" and indicates that it includes a Court of Wards, and why it has been necessary to bring in this amending measure is clearly stated in the statement of objects and reasons. The Bill is of a non-controversial nature and therefore I do not propose to detain the House over it.

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN :
Sir, I move :

"That the Bill, as passed by the Legislative Assembly, be passed."

The motion was adopted.

The Council then adjourned till Eleven of the Clock on Tuesday, the 21st February, 1933.

COUNCIL OF STATE.

Tuesday, 21st February, 1933.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

MEMBER SWORN :

The Honourable Rai Bahadur Lala Mathura Prasad Mehrotra (United Provinces Central : Non-Muhammadan).

RESOLUTION *RE* PURCHASE OF STORES THROUGH THE INDIAN STORES DEPARTMENT.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern : Non-Muhammadan) : Mr. President, I beg to move the following Resolution :

“ This Council recommends to the Governor General in Council that in accordance with the recommendations of the Stores, Printing and Stationery Retrenchment Sub-Committee (i) definite orders should be issued to all departments that all stores, other than those of a specially technical nature, should in future be purchased through the Indian Stores Department, and (ii) an Advisory Committee, presided over by the Member for Industries, be appointed to review from time to time how far the policy of Government regarding the purchase of stores is being given effect to.”

Sir, one of the recommendations made in their final report issued in September last by the Stores, Printing and Stationery Sub-Committee of the Retrenchment Advisory Committee, which was presided over by my Honourable friend Mr. Natesan, was that in the interests of the general taxpayer the Government should issue definite orders that all stores, other than those of a specially technical nature, required by any department of the Government of India, should in future be purchased through the Indian Stores Department. The question of the purchase of stores has been receiving the attention for a long time now of the Indian Legislature and other representative Indian bodies, which have been insisting that the Railways and other purchasing departments should make their purchases through the Indian Stores Department. And although nearly half a century ago the Government of India enunciated their policy of substituting for all State purposes, stores of indigenous manufacture and origin for stores produced abroad and prescribed by rules regulating the purchase of stores for the public service that preference should be given to articles manufactured wholly or partly in India over stores of like description manufactured abroad, it is well known how, in spite of the preference laid down in the rules, the Indian Industrial Commission of 1918 found that the manufacturing resources of the country were not being availed of to the fullest extent possible by purchasing officers owing to one reason or the other. And though when this Indian Stores Department was first established in 1922, the then Commerce Member definitely

[Rai Bahadur Lal, Jagdish Prasad.]

stated that it would purchase not only for the State Railways but for the Company Railways and other departments as well, all materials which could be procured in India, through the agency of the Indian Stores Department, we know that in spite of the assurance given by Sir Charles Innes only an infinitesimal portion of their total purchases of stores are made by the Railways through the agency of the Department. In 1930-31, for instance, out of the total purchases of about Rs. 18 crores worth of stores made by the Railways, my information is that a little more than Rs. 1 crore worth of stores were purchased through the Indian Stores Department. I can quite understand the inability of the Agents of Railways, who do not happen to be Indians, to realize the vital importance to India of the encouragement of indigenous industries, but the Indian Legislature and other representative Indian bodies which are keen on the development of Indian enterprise and Indian industries, just as the Japanese or Englishmen are anxious to promote the interests of their respective countries, cannot tolerate this disregard of Indian wishes and Indian interests for any length of time. And the Government, having once given an assurance that all stores which could be procured in India would be purchased through the Indian Stores Department, must do what lies in their power to carry out their undertaking. Another big consumer of stores is the Army Department, which is even less amenable to the influence of Indian public opinion in respect of this as also other matters. Its purchases through the Indian Stores Department in 1928-29 amounted to less than Rs. 1½ crores. Explaining the attitude of the Army Department to the Indian Stores Department the Master General of the Ordnance stated in a memorandum submitted to the Public Accounts Committee :

“ The policy of the Army has been and is to purchase the requirements of the Army at the lowest possible cost, irrespective of the purchasing agency. The Army is treated as a commercial department. It cannot afford to purchase in a dearer market merely to provide orders for a purchasing department ”.

The Army Department's anxiety to save the taxpayer's money is not unknown to me. But the claim of the Indian Stores Department is that owing to the large purchases which the Department makes it would be advantageous to the Army authorities to transfer all their purchases to that agency. Why then the Army Department should continue to disregard the existence of the Indian Stores Department one is unable to understand.

I have briefly dealt with the state of things prevailing, so far as the purchase of stores is concerned, in the two most important departments under the Government of India, namely, Railways and the Army, which are the consumers of stores. I do not suppose that the conditions are dissimilar in other departments, inasmuch as the Sub-Committee have generally observed that the growth of business handled by the Indian Stores Department is small and that the volume of work handled by the Department has not reached the figure visualised by the Stores Purchase Committee. If, therefore, the Government of India have the interest of indigenous industries at heart, it behoves them to accept the recommendations of the Stores, Printing and Stationery Retrenchment Sub-Committee in this behalf and without loss of time issue orders to all departments about the purchase of their stores through the Indian Stores Department.

Now, another recommendation of the Stores, Printing and Stationery Retrenchment Sub-Committee is that an Advisory Committee, presided over by the Member for Industries, should be appointed to review from time to

time how far the policy of Government regarding the purchase of stores is being given effect to. In this connection the Sub-Committee observe as follows :

"In connection with the complete centralisation of the purchase of stores for public departments of the Central Government, it has been suggested to us that a Stores Committee should be established consisting of the Secretary in the Department of Industries and Labour, the Chief Controller of Stores, a Member of the Railway Board, the Quartermaster General and one Member each from the Central Legislature. In our opinion the Government of India will find the assistance of such a Committee, including representatives of their two big consuming departments, to be of very great value in facilitating the successful inauguration of the new policy which we have recommended. We therefore strongly support the suggestion for the appointment of the Advisory Committee on the lines indicated and desire further to add that this Committee should be presided over by the Member in charge of the Department of Industries and Labour, as we attach considerable importance to the Member keeping himself in close and continuous touch with the working of the Indian Stores Department. The functions of the Committee will be to advise the Government of India on all important matters affecting stores purchase and to review from time to time how far the policy of Government in regard to stores purchase and the recommendations of the various committees appointed by them are being given effect to. We consider too that this Committee should be constituted as early as possible and should meet as often as may be necessary".

I think, Sir, that the remarks of the Sub-Committee leave no doubt as to the importance of an Advisory Committee being appointed on the lines suggested, and this is what I have recommended in the second part of my Resolution.

In conclusion I may point out that in the last session of the Council I interpellated the Government on the subject and inquired what the intention of Government was with regard to these two recommendations of the Stores, Printing and Stationery Retrenchment Sub-Committee, and the Honourable Mr. Shillidy replied that these recommendations were under consideration. I hope that by now the Government must have made up their mind in this behalf and hence they will see their way to accept my Resolution.

Sir, I move.

THE HONOURABLE MR. VINAYAK VITHAL KALIKAR (Central Provinces : General) : Sir, I have great pleasure in supporting the Resolution moved by my Honourable friend Lala Jagdish Prasad. If my information is correct, Sir, the Indian Stores Department was constituted in 1922 and it was recommended by the Stores Purchase Committee when that Department was constituted that probably stores worth Rs. 8 crores would be purchased through this Department by all the departments of the Government of India. I think Government should have no objection whatsoever in accepting this non-controversial Resolution. The Indian Stores Department is a creation of the Government and I fail to understand as to why the other departments of Government do not purchase their stores through this Department. I am given to understand that a very small portion of the stores has been purchased through this Department during the last 10 or 11 years. My Honourable friend has mentioned in his Resolution that the departments are free to purchase stores of a special character through other agencies, but articles manufactured in India should be purchased through the Stores Department for the use of the various departments of the Government of India. I think, Sir, that the Government of India and the various departments who require the stores should purchase stores which are manufactured in India and thus give an impetus to Indian industries. It is really worth while, Sir, to mention here that as in other countries the various Governments are keen to purchase their stores manufactured in their own country, so the Government of India

[Mr. Vinayak Vithal Kalikar.]

should also be keen to purchase those stores which are manufactured in India ; thereby they would not only help indigenous industries but they would be able to get their stores cheaper, because those articles are manufactured in India.

The second part of my Honourable friend's Resolution also deserves acceptance by the Government. He only requests Government to appoint an Advisory Committee to watch the working of the Indian Stores Department. I think it is a most reasonable request, and if the work of the Indian Stores Department is to be carried on regularly the Advisory Committee is needed. He has mentioned in his Resolution that the Member in charge of Industries should be the Chairman of that Committee. That request also is very very reasonable. I therefore recommend this Resolution to the acceptance of this House and I hope it will be supported by all Parties in the House.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras : Non-Muhammadan) : Sir, I have very great pleasure in supporting the Resolution. It is a very legitimate request of the House that Government should accept this Resolution. After all, the matter was gone through very carefully in the Retrenchment Committee and they thought that all the departments ought to purchase through the Stores Department which has been opened specially by Government. I do not see that there will be any difficulty from the point of view of the Government in accepting the Resolution. I therefore most wholeheartedly support the Resolution moved by my Honourable friend.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : Sir, I beg to support the Resolution of my Honourable friend Rai Bahadur Lala Jagdish Prasad which has been so ably moved by him. The demand of my friend is so modest that it should be endorsed by all of us here and should be accepted by Government. The recommendations of the Stores, Printing and Stationery Retrenchment Sub-Committee which was presided over by our Honourable friend Mr. Natesan, are so reasonable and practicable that Government should give effect to them and if given effect to, will, I think, bring about a financial saving to Government.

Sir, with regard to the first part of the Resolution of my Honourable friend, I should like to advise Government that they should remember India in all their purchases for the departments concerned with a view to giving practical encouragement to Indian industries and that the Indian Stores Department be so advised.

And then, Sir, as regards the second part of the Resolution of my friend, the suggestion for the appointment of an Advisory Committee for the purpose stated clearly in the Resolution, is so sound that it should find favour with Government and they should have no difficulty in appointing such a Committee. In this connection, I should like to add one word more to what I have already said, and it is that in the matter of the composition of the proposed Committee there should be at least three Members of this Honourable House on it.

In fine, Sir, I need hardly say that the Honourable the mover has made out a strong case for the necessity of his Resolution which should be adopted by this House and Government.

With these few words, Sir, I heartily support the Resolution.

THE HONOURABLE Mr. G. A. NATESAN (Madras : Nominated Non-Official) : Sir, I am sure the House will feel grateful to the Honourable Mr. Jagdish Prasad for having brought forward this Resolution, and given his arguments in support of the recommendations of the Stores Purchase Committee. If I may say so, the terms of this Resolution are almost identical with the terms of the recommendations of the Sub-Committee over which I had the honour to preside. When the Stores Purchase Committee recommended the establishment of the Indian Stores Department it anticipated and very rightly indeed that at least it would be able to effect purchases worth Rs. 8 crores. We very much regret to find that despite the best efforts put forward by the Chief Controller of Stores, Mr. Pitkeathly, the figure has not gone beyond one-half of the amount originally estimated. If I may say so, the two largest buying departments, that is the Railway and the Military, till very recently had not taken kindly to the work of the Indian Stores Department. Perhaps by constant pressure, by peaceful persuasion and by personal relationship, Mr. Pitkeathly, the Chief Controller of Stores, has been able of late to persuade the Railway Department to go in for more but I am not sure that his endeavours with regard to the Military have been of much success. Indeed, in this as in other matters the Army Department has been giving the greatest amount of trouble. Our Committee had the opportunity of examining the representatives of the Railway and the Military. We examined Sir Guthrie Russell, Sir Alan Parsons and two officers of the Army Department, one of them being the Director of Contracts. So far as the Railway is concerned Sir Guthrie Russell has, I believe, for some years past been trying to give some orders to the Indian Stores Department. I believe they have got a practice of meeting from time to time and giving instructions to their officers concerned to increase the list of articles that can be purchased through the Stores Department but I must confess that the volume of business given to the Stores Department is not at all commensurate with the very large purchases which that Department makes. It has been very rightly pointed out by the Honourable Mr. Jagdish Prasad that in one year they made purchases to the extent of Rs. 8 crores and the orders to the Stores Department did not cover even a crore and a half. It is very poor indeed. But we had the assurance of Sir Guthrie Russell and the other representatives of the Railway Department,—perhaps I should say that we had a joint meeting of the Stores Committee and the Railway Committee, but both the Committees felt that more orders should be given to this Department and I do hope that since we left him last, Sir Guthrie Russell has given instructions to his Department to make increased purchases.

So far as the Army Department is concerned, not only our Committee but the General Retrenchment Committee which went over the question of the general purchase of stores were of opinion that there is very much room for the Army Department to utilise the Stores Department. I very much regret to say that the impression left on that Committee and my own Committee was that the Army Department was not doing its best to encourage the Indian Stores Department. The argument generally advanced is that during a time of war a body like the Indian Stores Department will not be able to give all the articles that are required and the Military would commandeer and get things. But it was easily pointed out to the representatives of the Army Department that that weapon was always available, that during a time of war the Military Department could compel people to give the goods required to the officers of the Stores Department as well.

Sir, as has been pointed out, our report was submitted to the Government only in September last. Since then from inquiries I find that the Chief

[Mr. G. A. Natesan.]

Controller of Stores, Mr. Pitkeathly, the officer who has been working in this Department, has been on leave all this time—he will be back here by the 10th March, and if the Government have not already taken steps to give effect to the recommendations of this Committee, I certainly expect them to take early steps to see that the recommendations of this Committee are not merely recommendations made on paper. I believe we have a very good case and there is absolutely no doubt and there is no denying the fact that, despite the assurance given by Sir Charles Innes some years ago, up to now no effective steps have been taken to ask these two departments concerned, the largest consumers if I may say so, the Railway and the Military Departments, to come to the help of the Stores Department. If they transferred a good number of purchases to the Stores Department I think to that extent they would be increasing the utility of the Stores Department. They will make that Department pay, be self-supporting, and the Public Accounts Committee, if I am not mistaken, has been year after year stressing this point. I do hope that the Department of Industries and Labour which is presided over by my Honourable friend Sir Frank Noyce will, if it has not already tackled this question, take the earliest opportunity to see that the recommendations of the Stores Department are given effect to.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadden) : Sir, I rise to support the Resolution which has been so ably moved by my Honourable friend Rai Bahadur Lala Jagdish Prasad. The Honourable mover and the Honourable Mr. Natesan have dealt with the subject of the Resolution in detail and very exhaustively and so there is no need for me to say much. But I want to make one observation and that is that when the Government of India do decide to embark on a certain policy, which they did in the establishment of the Indian Stores Department, that policy should be faithfully pursued to its logical conclusions. The Indian Stores Department ought to be given practically all the Army and Railway purchases other than that of a technical nature and by doing this the Indian industries will be better patronised and a good deal of saving will also be effected in establishment and other charges.

THE HONOURABLE SARDAR BUTA SINGH (Punjab : Sikh) : Sir, I have great pleasure in supporting this Resolution as it seems to me to be essential that the Indian Stores Department should promote indigenous industries. The Stores Department has already done good work, but there is still a wide scope for the Department to set up standards and to secure all supplies in the country itself. Since the fall in the prices of agricultural produce and the closing down of export markets there seems no other alternative but to turn our raw produce into manufactured articles so that the agriculturist may get a better price for his produce. The Stores Department can help a great deal by placing all its orders in the country itself. The Railway Budget discloses that 2,500 wagons are to be purchased in the year 1933-34. I hope that these wagons will be built in the railway workshops and out of Indian material. All the requirements of the Army, the Railway and the Civil departments should be met in India as far as possible. The Stores Department should display their samples so that artisans and industrialists may manufacture upto its standards. I am very glad to give my support to this Resolution.

THE HONOURABLE MR. BIJAY KUMAR BASU (Bengal : Nominated Non-Official) : Sir, I do not think that there is even one dissentient voice.

in this House in regard to the Resolution moved by my Honourable friend Rai Bahadur Lala Jagdish Prasad. There is one information that I seek, as I found that even the Honourable Mr. Natesan, who so ably presided over the Retrenchment Sub-Committee of the Stores Department, did not give that information, and that is, what was the proportion of indigenous articles against foreign articles that they bought *whether through the Indian Stores Department or not*? That is the real point which affects this question so far as the country is concerned. The question is whether Indian indigenous articles were bought, more than foreign articles, whether bought through the Indian Stores Department or through any other? It makes very little difference to the country if the Government of India buy through Departments other than the Indian Stores Department so long as they buy indigenous articles. I do not think my Honourable friend Rai Bahadur Lala Jagdish Prasad has moved his Resolution as a sort of apology for the Indian Stores Department, because I am sure that the Indian Stores Department will be able to defend themselves without the help of my friend Lala Jagdish Prasad. All that we are interested to know is whether the Government of India, who are buying things, either through the Stores Department or through other departments are really buying more Indian goods than goods of foreign manufacture.

THE HONOURABLE MR. J. A. SHILLIDY (Industries and Labour Secretary): Sir, I have listened to the discussion on this Resolution with very great interest, and if I may say so, it was a great pleasure to hear that so many of the Members of this Council have such confidence in the Stores Department which I represent that they would put all the purchases for the Government of India under them. There are just two points, however, that I would like to make before I go on to the general proposition. There seemed to be a suggestion—I do not know if it was quite clearly made, but I seemed to gather it—that the Railway Department and the Army Department were not using the Stores Department. I hope that was not the suggestion because it would be not according to the facts. The Army Department and the Railway Department have in an increasing degree resorted to our agency and as representing the Stores Department I should like to make a cordial acknowledgment of the way in which they have met our demands in this respect from time to time. Any impression that may be abroad that the Railway Department and the Army Department are inexorably opposed to allowing us to do any of their work is entirely wrong. The Honourable Mr. Natesan has referred to Sir Guthrie Russell's help to the Department, and I too would like to acknowledge it. Year by year, our orders from the Railway Board have been growing. I might say exactly the same about the Army Department. All that the Army Department really ask from us is the very natural and simple question, "Can you purchase as efficiently and as cheaply for us as we can purchase for ourselves?" Where we have been able to show that we can purchase as cheaply and as efficiently for the Army Department as they can do for themselves, I for one have found no obstacles on the part of the Army Department to allowing the Indian Stores Department to do their purchase for them. I hope I have made that clear and that there is not any desperate refusal on the part of these two departments to have anything whatsoever to do with us.

The other point that came up was the one which Mr. Basu and others made. He said, "After all, the main question is always to what extent you are supporting Indian industries." I am sorry I have not got the figures with me. Had I known that this particular point would come up, I would have

[Mr. J. A. Shillidy.]

come armed with figures and I would have been able to show to you conclusively that year by year our purchases in India of Indian goods are increasing to an enormous extent.

There is another point. A short time ago, under pressure from the Legislature, we adopted the rupee purchase policy. The result of that has been that tenders have to be made for delivery in India, and that is having an effect in many ways. It is not only increasing the amount of Indian goods we buy, but it has gradually led to the establishment of branches of firms and offices in India and has made firms outside India feel that they have got to come out here if they are to get any of our business. That was one of the direct objects in the change to a rupee purchase policy. It was one of the definite objects for which Members of the Legislature asked that this policy should be introduced, namely, that we should attract firms to India.

I think the suggestion was made that the Army Department and Agents of Railways were indifferent in the matter of purchasing Indian goods. I do not think I need go into that very much as regards the Agents, because they will answer it themselves, but I can assure you that I see no signs of any such tendency. As regards the Army I have been given some figures which I think will impress the House. Practically 100 per cent. of their requirements in the way of lethal weapons are manufactured in India, about 63 per cent. of medical stores and 72 per cent. of other stores such as clothing, foodstuffs, constructional material, oils, paints, greases and petrol are manufactured or purchased in India. If the whole object of this debate really is to find out to what extent we are helping Indian manufactures, my reply is that in those figures I have a most satisfactory answer to give. I would like to assure the House that the Government of India have not been idle over this recommendation of the Stores Purchase Committee. We took the matter up at once with the other departments, but the question is not an easy one. Very naturally, as representing the Stores Department, I can see the Stores Department's case, but I am bound to admit that both the Railway and the Army Departments have a good strong case for what they say. It is not an unreasonable case; it is a fair case, and it is a case which must naturally be considered. The Government of India have not yet been able to reach a decision in regard to these conflicting claims. We hope, however, to reach that decision as soon as possible and I can assure the House that all that has been said here this morning and all that was written in the Retrenchment Committee's report will be given the very fullest consideration before the Government of India reach any decision at all in the matter. I can give them that assurance without any hesitation whatsoever. Until we have reached that decision I cannot of course accept a Resolution which commits Government to one particular line, but I hope that the Honourable Member, in view of what I have said and in view of the assurance that I have given that all that has been said here today will be borne in mind and examined very carefully before we come to a decision, will agree to withdraw his Resolution.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: Sir, I am grateful to my Honourable friends who have supported my Resolution. I am still more grateful to the Honourable Mr. Shillidy for the sympathetic manner in which he has replied to the debate. As Mr. Shillidy says that the Government of India have not yet reached a decision in the matter which is still under consideration and that the recommendations of the Stores, Printing and Stationery Retrenchment Sub-Committee will be given the fullest consideration, I think I need not press this Resolution to a division. I hope

that the second recommendation, namely, the appointment of an Advisory Committee, will also receive the sympathetic consideration of the Government, about which I am afraid Mr. Shillidy has given no indication.

With these words, I beg leave to withdraw the Resolution.

The Resolution was, by leave of the Council, withdrawn.

RESOLUTION *RE* RESTORATION OF THE CUT IN SALARIES ONLY WHEN THE SURCHARGE OF 25 PER CENT. IS ABOLISHED.

*THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, I rise to move :

"That this Council recommends to the Governor General in Council to restore the cut in salary only when the surcharge of 25 per cent. imposed by the second Finance Bill of 1931 is also abolished."

My Resolution is so eminently just and equitable that I need not detain the House by a long speech or array of figures seeking to convince them of the equity of this Resolution. I would not be honest if I were to say that this announcement of Government restoring 5 per cent. of the cut in salaries came to us as a surprise. The present Government of India, bureaucratic as it is, leaves us prepared for even worse things than this. I thought it was rather kind of them to restore only 5 per cent. When the second Finance Bill was presented to us in 1931 during the Simla session the impression that we got from the speeches of the Honourable the Finance Member and the Finance Secretary was that a co-ordinated measure was being taken to balance the Budget. To meet the Budget deficit three lines were taken : the first was retrenchment, the second was additional taxation, and the third item was cuts in salary. The principle of equality of sacrifice was urged by the Honourable the Finance Member in justification of the cuts in salary. I do not know how the circumstances have so far changed that that equilibrium can be maintained by abolishing one item only and leaving the other two precisely as they were. The fact that the Government of India expect to bring to us on the 28th February a good Budget with a surplus of something like Rs. 6 crores is not justification enough for this restoration of the cuts. I will try to prove to the House how, even with a Rs. 6 crores surplus, we are not justified in restoring the cuts. The surplus that we expect to get in the present year is made up of items that we cannot rely on. A good part of it will be made up of increased customs income, which is due to the unchecked flow of gold from India. Had that not been allowed we would not have been able to get this artificial balance of trade in our favour, and imports would have exceeded exports. The decrease in our debt charges is of a permanent nature and this only could be utilised for restoring cuts in salary. But the saving under this head is much less than the additional cost which the Government of India will have to incur on account of the restoration of 5 per cent. of the cut. As I have said, the excess that we expect to have does not justify the restoration of the cut. The reason is that a cut in salary was not made by the Government of India alone. This measure of economy is spread like a fire throughout India. Local Governments, public institutions like universities, hospitals and public bodies of all kinds resorted to cuts in salary. Even though the finances of the Government of India have improved, we have no reason to believe that the finances of other Governments and public

* Speech not corrected by the Honourable Member.

[Mr. Hossain Imami.]

bodies have increased to the extent of enabling them to take on the additional burden of restoring 5 per cent. of the cut they have imposed with equanimity. On the 6th December, 1932, the Secretary of State for India at the third Round Table Conference stated that 7 out of the 9 Provincial Governments in India expected to end this year with a deficit. In the face of this definite and authoritative statement by a responsible person, it was, to say the least, a most unwise step on the part of the Finance Department to restore 5 per cent. of the cut. I think that the cost of restoring this 5 per cent. to the Provincial Governments would amount to about Rs. 2 crores. In addition to that, we learnt with the presentation of the Railway Budget on the 16th instant that the Railways have to find an additional crore for the restoration of this 5 per cent. Other public bodies, like universities, municipalities and district boards will also have to find about a crore if they are to restore half the cuts in salary. Add to this the loss which I am sure the Department of Mr. Shillidy, I mean the Posts and Telegraphs, will show. All these considerations I think should have acted as a brake on the Finance Department in embarking on this scheme.

I was rather surprised when in the course of discussion on the Railway Budget my Honourable friend Mr. Mehta made the astounding statement that the additional surcharge on income-tax would be greater than the restoration of the 5 per cent. cut in salary. I verified the figures and was very sorry to find that the figures were not correct. The utmost losses which the highest paid officials will bear will be about 3·8 per cent. and in the lower grades, up to Rs. 2,500 per mensem, it will not be even 2½ per cent. In this connection I should like to urge upon the Government that whatever they have done they cannot undo ; that would be asking too much ; but at least we can be wiser in future. It has been announced in this connection that the existing 5 per cent. cut is only limited to the year 1933-34. It is therefore imperative that we must have an indication from Government that they do not intend to throw on the general body of taxpayers the additional burden, not only of the Government of India, but of other public institutions for the restoration of the cut without a substantial improvement in the finances of all concerned, not only of the Government of India. It is for this reason, Sir, that I thought that it should be coupled with the disappearance of the 25 per cent. surcharge, because when the finances of the Government of India have so far improved as to allow it to do away with all the surcharges that will be time enough and that will give a perfect indication that the general finances of the country as well as the purchasing power of Indians has materially increased. I have no grievance against this. My only trouble is that we must swim or sink together. I do not want to leave them alone, although the Government were a little selfish in trying to improve their position alone and leaving the general body of taxpayers in their present condition without doing anything whatever to relieve them. When I sent in this Resolution of mine at the end of January, 1933, the announcement of the 5 per cent. restoration was not made, but as I was expecting it I purposely left out the words " 10 per cent. cut " ; I did expect that they would make some restoration. Therefore the operative part of my Resolution only comes in about this remaining 5 per cent. But I would request the Government to give an indication in the budget statement that they are not unmindful of the interests of the general body of taxpayers, who are already overburdened with all sorts of taxes. Income-tax, as is well known, was increased by the first Finance Bill, and over and above that a surcharge was imposed of 25 per cent., and it would be a very welcome relief if at least a part of the surcharge is taken away this year. As regards the salt tax, there cannot be two opinions about it. The whole of nationalist India has always regarded

it as obnoxious and any relief in that direction would be welcome and it would give widespread relief because every person, from the poorest up to the highest, would save something out of this. I would urge upon the Government, in addition to giving us some relief this year, the advisability of restoring the cuts only when the whole of the surcharge is abolished from the Finance Act. In this connection I should like to draw the attention of the Government to the condition of the country. In the present depression of trade and decreased cost of our produce it is essential that some relief should be given to the general body of taxpayers if a good atmosphere is to be created for the successful introduction of the Reforms, because in the present condition of mind, coupled with the distress, it would be very difficult, in the face of the persistent propaganda on the part of others to discredit the Government, to establish a calm atmosphere and to work the Reforms successfully.

Sir, I move.

THE HONOURABLE MR. E. MILLER (Bombay Chamber of Commerce) : Sir, I rise to support my Honourable friend in so far as his concluding remarks are concerned. I too, like him, was disappointed when I heard the announcement that a partial restoration of the cut was to be made, but the decision having been made anything I can say is not likely to alter it. I think, however, that it is not an unfair request to make, that the Government should give us an assurance that no further restoration of the cut will be made until such time as the surcharge is also removed. To that extent I support the mover of the Resolution.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I rise to support the Resolution which has been so ably moved by my friend the Honourable Mr. Hossain Imam. I have not been able to understand the impatience and the indecent hurry with which the Government of India arrived at this decision. It was proper for them to do so after the presentation of the Budget. We would have then known what actually the position of the Government finances was. Sir, this indecent hurry in the matter makes us suspect that the Government finances have not improved and they were mindful that if they brought this up at the time of the presentation of the Budget public opposition would be so strong that they would not be able to face it. I might say, Sir, that in these times of unprecedented economic depression, those persons who have been on fixed salaries have been the most fortunate. Others, whether business men, lawyers, or zemindars, have all lost very heavily ; some of them have lost 90 per cent. ; some 70 per cent. of their income, and so on and so forth. But the loss to Government servants has not been over 10 per cent. We have a proverb, Sir, which, if translated into English, means that those in power whenever they got confused distribute the sweets in their possession among themselves—it is human nature to do so—and they have so started with restoring half the cut in their own salaries. This I do not think shows a very good mentality or the part of the Government. They ought to have taken the country into their confidence and to have justified this step by putting before the Legislatures and the country their actual finances which made them take this step. Whenever we ask for any public work of utility to be done it is said that there are no funds ; notwithstanding this paucity of funds the Government have taken this vicious step of restoring half of the cut. On principle I do not oppose the restoration even of 10 per cent. because after all we have to respect the covenant agreed to ; but we find we are not at present in a position to do so. At a time when this matter was taken up by the Retrenchment Committee concerned there was great opposition by Government. Ultimately Government

[Rai Bahadur Lala Ram Saran Das.]

did decide to accept and adopt the recommendation of the Committee. Of course, the function of the Retrenchment Committee was advisory but at that time an argument was put forward by Government that a covenant cannot be broken. The Committee went into the nature of the covenant and they found out that there was a clause that the services of any officer under the covenant can be terminated at the King's will. It proposed action under that clause and recommended to the Government that this clause be enforced if necessary. Sir, it is our duty to support the Government in the restoration of the cut when funds permit and when there is justification for it and not otherwise. We have all along been expecting that the Lee concessions for the superior services would go. Public opinion was very strong in that matter but now generally the mentality of the Government is to flout public opinion.

Sir, I cannot help saying that the scales of salaries in India, particularly for the superior services, are the highest in the world and
 12 Noon. whenever this case comes up for discussion before this House, I will be in a position to lay facts and figures before it to prove my statement. I wish, Sir, that the Government should be more considerate and that they should first lighten the burden of the taxpayer which is now unbearable.

I do not agree with my Honourable friend, Mr. Hossain Imam, that in case the full surcharge is not remitted, a portion of it be remitted for this year. I say, Sir, that when you restore half of the salaries cut, the full surcharge should go.

THE HONOURABLE MR. J. B. TAYLOR (Finance Secretary): Sir, if I intervene now in the debate it is because I think that the position of Government should be indicated as soon as possible. The Resolution links two things, the cut in the salaries of Government officers and the surcharges in customs and income-tax. Now, it is one of the most essential features of the financial system of this and every other country that what is in the Budget should not be disclosed until the Budget speech. The Honourable Rai Bahadur Lala Ram Saran Das asked in that case why we did not defer the whole thing until we could make one announcement in the Budget speech and declare our intentions as a whole? The reason is, Sir, that this cut in pay affects not only Central Government officers but the officers of commercial departments such as those in the Railways where separate Budgets have to be introduced, and certain officers under the Provincial Governments, and the Provincial Governments naturally required early information with a view to the regulation of their own financial position. We had therefore no alternative but to make an announcement of our decision as regards the cut in pay, whatever it was to be, some time in advance of our ordinary Budget proposals. But the considerations which apply to that announcement obviously do not apply to the other items of the Budget regarding which there is no reason why we should disclose our proposals in advance and many obvious reasons why we should not. I therefore regret that I cannot follow the Honourable Mr. Hossain Imam in his ingenious prognostications of the budgetary position both of the Central Government and of the Provincial Governments. On the merits of the question I am afraid that we on these Benches can say nothing. We are obviously not in a position to indicate by our vote our view on a matter on which the intentions of Government for obvious administrative reasons have not yet been disclosed and which will be disclosed in so short a time. That being so, we must clearly

oppose the Resolution if it is pressed to a division. Accordingly, Sir, without any desire to burke a discussion on what we all recognise is a most important topic, I would suggest that, in view of the publication of the press communiqué of the 3rd February, a discussion at the present moment can serve no useful purpose and should be reserved until the Budget is published next week. There will then be ample opportunity in the general discussion of the Budget for this House to express its opinion on the picture then unfolded. Not only will the House then be in full possession of our facts and figures but the discussion, whatever form it may take, will be less one-sided because, as I have pointed out, we on these Benches are at present obviously precluded from saying anything on the merits of this or of any other question which has such an important bearing on the Budget so soon before the presentation of the Budget itself. I therefore hope that the Honourable mover will see his way to withdraw his Resolution.

THE HONOURABLE MR. HOSSAIN IMAM : On a point of information, Sir. Does the Honourable Member wish the debate to be postponed and resumed on the next non-official day ? Will he be in a position to reply more explicitly on the points raised ?

THE HONOURABLE THE PRESIDENT : The Honourable Member has already said that he wishes to oppose the motion.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : Sir, while moving his Resolution the Honourable the Deputy Leader of my Party, Mr. Hossain Imam, has brought home to this House the justification for the proposed abolition of the surcharge of 25 per cent. imposed by the second Finance Bill of 1931 in such a convincing manner that it does not require any long or elaborate speech on my part to support him. But then the reason for my standing is that the great injustice that was done by the imposition of the 25 per cent. surcharge under the second Finance Act of 1931 which was opposed by the majority of the representatives of the country in the Central Legislature should be done away with by Government. The history of the passing of the second Finance Bill of 1931 is fresh in the minds of the Honourable Members of this House and I need not repeat it or refer to it here. If the cut in the salary could be restored in view of the fact that better days are expected within a short time, as I can understand from the recent pronouncements of responsible high officials, why can not Government then abolish the 25 per cent. surcharge which is such a heavy burden on the people ?

Our Honourable friend the Finance Secretary will be able to enlighten us with the information if the super-tax that was imposed on the people of England in 1910 is yet being levied from them. Super-tax in England was imposed, Sir, so far as I remember, with a view to meeting some financial difficulties. But in India the first imposition of super-tax came into existence in 1917 when Sir William Meyer was at the helm of our financial affairs in India. It was then considered to be a war measure. The war has gone but the economic consequence of the war upon the people of India in the shape of super-tax still remains ! Of course I speak subject to correction when I make this statement.

However, reverting to surcharge, Sir, we all know how in 1931 the 25 per cent. surcharge was imposed to the great dismay and astonishment of the people ; but that was done, so far as we could understand, to meet the financial stringency of our Government. But if now the financial position of Government

[Mr. Jagadish Chandra Banerjee.]

has enabled them to restore the cut in salaries in consideration of the fact that the times appear to be improving and along with them, it is expected, will improve the financial position of Government too, then nothing stands in the way of Government to abolish this surcharge of 25 per cent. imposed by the Finance Act of 1931.

I hope, Sir, the House will be united in demanding the abolition of this burdensome surcharge and Government will accept the Resolution to which I lend my earnest support.

Let me not be misunderstood, Sir. I am not against the restoration of the cut in the salaries ; but what I want is that let the restoration of the cut in the salaries be synchronised with the abolition of the surcharge of 25 per cent. which will be a graceful act on the part of Government.

THE HONOURABLE Mr. G. A. NATESAN (Madras : Nominated Non-Official) : Sir, I must confess that the reasons given by the Honourable Mr. Taylor are not at all satisfactory. If the cut was unjustified, the reasons given for not giving any definite opinion on behalf of the Government seems to me hardly satisfactory. I think the Honourable Mr. Miller has done a distinct service in calling attention publicly to the fact that the non-official European community disapproves of this restoration in cut, when no attempt has been made to remove the surcharge of 25 per cent. If I am not mistaken, Sir, the Associated Chambers of Commerce have condemned this attitude on the part of the Government of India to reduce the cut in pay. I am glad that a separate opportunity has been afforded to us to discuss this question on its merits. If it had been included in the Budget, it would have been one among a thousand other things which are generally debated during the time of the Budget. It is very good that an opportunity has been given to this House to focus discussion on what we consider to be a great wrong that has been committed by Government in having partially restored this cut. It was very rightly pointed out that people with fixed salaries have less grievance in the present circumstances than those who have no fixed salaries and who have made large investments in business, and whose business is every day decreasing. It is really surprising that Government should have thought fit to restore 5 per cent. of the cut at this stage. Those who know something of the inner history of this question know—particularly Honourable Members in the Executive Council know it, but they will not disclose it, but it is more or less an open secret—that when the proposal to cut the pay of the services was made, there was a very organised opposition both here and in England. The services here have always advocates in England. Great pressure was put upon the Secretary of State not to agree to this cut. It is nothing but disclosing facts so well known and what is common property in the bazaar that the Secretary of State himself at one time wanted that this 10 per cent. cut in pay should not be made at all, and we know to the credit of the Government of India that the Members of its Executive Council themselves were willing to forego a portion of their pay because they thought that the finances of the country and justice required that that should be done. It is only after very great pressure from the Government of India and a prompt protest that the Secretary of State was induced at all to agree to the cut. The only irresistible conclusion is that the protests of the services, the agitation for the restoration of the cut, has been kept up very actively and that they have been able to get the upper hand. That at least will be the natural impression left on the mind of the public, and I think it is a justifiable impression. My Honourable friend the Finance

Secretary, one of the ablest and cleverest men in debate, has not been able to meet the case. He has taken refuge in the fact that the question can be discussed at the time of the Budget. Whatever the Budget may contain, there is absolutely no justification for the step which the Government have taken. I am very glad Mr. Hossain Imam has brought forward this Resolution separately and that this House has had an opportunity of focusing its attention upon what is considered by all people as quite an unjustified action on the part of the Government.

***THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ** (East Bengal : Muhammadan) : Sir, I rise to support the Government in restoring the cut in salaries. I have every sympathy with the servants of the Government, particularly in this matter, and I think that the cut should be restored. I oppose the Resolution.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras : Non-Muhammadan) : Sir, I am glad my friend Mr. Hossain Imam has brought forward this Resolution. I really cannot understand why the Government should have announced this restoration of 5 per cent. in the cut when they have left alone the surcharge which we all supported in the Finance Bill. Many of us supported this Finance Bill on the ground that it will be only a temporary measure. Now, as matters stand, it is very doubtful whether the Budget for 1933-34 will contain any salvation for these unfortunate people who pay 25 per cent. surcharge. Sir, it would have been more businesslike if nothing had been done and if the whole case is placed before the Legislature. I agree with my Honourable friend Mr. Natesan that the statement of my esteemed friend Mr. Taylor was not of much help to us in this direction. I agree with the latter portion of the speech of Mr. Hossain Imam when he said that while a large number of people are required to pay the 25 per cent. surcharge, it was not fair that you should restore 5 per cent. of the cut in pay alone. It seems to me very unbusinesslike that you should ask one set of people to go on paying and leave alone the other set of people whose incomes are steady and who have no anxiety. I agree with Mr. Miller that Government are not justified in having restored the cut without giving some help to those unfortunate people who pay large income-taxes and surcharges. For these reasons, I am glad that the Honourable Mr. Hossain Imam has brought forward this Resolution, and I hope the House will be unanimous in accepting his recommendation.

***THE HONOURABLE MR. HOSSAIN IMAM** : Sir, I am thankful to the House for the great support which I have received from almost all sides. I regret very much that the Finance Department should have taken up this adamant attitude of non-co-operation. The operative part of my Resolution is this, that the cut in salary should not be restored until the surcharges are removed, and it was only in passing that I remarked on the injustice of having restored the cuts now. If the Government had seen its way to accept my Resolution, they would not have disclosed any Budget secrets, and they would have promised only that before restoring the 5 per cent. cut they will consider the advisability of doing away with the two things together. That was the only operative part of my Resolution. When other countries are embarking on cuts in salaries, as I find from the discussions in the French Cabinet, and in view of the fact that we do not know what England is going

* Speech not corrected by the Honourable Member.

[Mr. Hossain Imam.]

to do in the matter—we have not heard that she has restored the cuts in salaries there—it was premature to do it in the Government of India. This throws a burden not only on the finances of the Government of India of Rs. 4 crores, but also on other public bodies in India and, therefore, before they embark on this scheme again in 1934, I wish that the House will record its unanimous opinion that at least the non-officials are not with the Government in imposing this burden until the finances of the whole of India improve. In this hope, Sir, I press the Resolution to the vote of the House.

THE HONOURABLE THE PRESIDENT : Resolution moved :

“ That this Council recommends to the Governor General in Council to restore the cut in salary only when the surcharge of 25 per cent. imposed by the second Finance Bill of 1931 is also abolished.”

The question is :

“ That that Resolution be adopted.”

The Council divided :

AYES—18.

Banerjee, The Honourable Mr. Jagadiah Chandra.	Kaliker, The Honourable Mr. Vinayak Vithal.
Basu, The Honourable Mr. Bijay Kumar.	Kameshwar Singh, The Honourable Maharajadhiraja Sir, of Darbhanga.
Buta Singh, The Honourable Sardar.	Mehrotra, The Honourable Rai Bahadur Lala Mathura Prasad.
Chetti, The Honourable Diwan Bahadur G. Narayanaswami.	Mitha, The Honourable Sardar Saheb Sir Suleman Cassum Haji.
Dutt, The Honourable Rai Bahadur Promode Chandra.	Naidu, The Honourable Mr. Y. Ranganayakalu.
Ghosh Maulik, The Honourable Mr. Satyendra Chandra.	Natesan, The Honourable Mr. G. A.
Gounder, The Honourable Mr. V. C. Vellingiri	Ram Saran Das, The Honourable Rai Bahadur Lala.
Habibullah, The Honourable Nawab Khwaja.	Suhrawardy, The Honourable Mr. Mahmood.
Hossain Imam, The Honourable Mr.	
Jagdish Prasad, The Honourable Rai Bahadur Lala.	

NOES—20.

Bartley, The Honourable Mr. J.	Hallett, The Honourable Mr. M. G.
Charanjit Singh, The Honourable Raja.	Israr Hasan Khan, The Honourable Khan Bahadur Sir Muhammad.
Choksy, The Honourable Khan Bahadur Dr. Sir Nasarvanji.	Johnson, The Honourable Mr. J. N. G.
Commander-in-Chief, His Excellency the.	Maqbul Husair, The Honourable Khan Bahadur Sheikh.
Cotterell, The Honourable Mr. C. B.	Miller, The Honourable Mr. E.
Devadoss, The Honourable Sir David.	Murphy, The Honourable Mr. P. W.
Drake, The Honourable Mr. J. C. B.	Noon, The Honourable Nawab Malik Mohammad Hayat Khan.
Fazl-i-Husain, The Honourable Khan Bahadur Mian Sir.	Russell, The Honourable Sir Guthrie.
Ghosal, The Honourable Mr. Jyotsnanath.	Shillidy, The Honourable Mr. J. A.
Hafeez, The Honourable Khan Bahadur Syed Abdul.	Taylor, The Honourable Mr. J. B.

The motion was negatived.

STATEMENT OF BUSINESS.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House) : Sir, owing to the course events have taken elsewhere, there will be no business to place before the Council till the General Budget is introduced on Tuesday next.

The Council adjourned till 5 P.M. on Tuesday, the 28th February, 1933.

COUNCIL OF STATE.

Tuesday, 28th February, 1933.

The Council met in the Council Chamber of the Council House at Five of the Clock, the Honourable the President in the Chair.

MEMBER SWORN :

The Honourable Mr. Marmaduke Robert Coburn, O.B.E. (Government of India : Nominated Official).

THE HONOURABLE THE PRESIDENT : As the Governor General has fixed Five O'Clock for the presentation of the General Budget, I shall postpone the answering of questions till the next regular meeting.

OTTAWA TRADE AGREEMENT RULES, 1932, LAID ON THE TABLE.

THE HONOURABLE MR. J. C. B. DRAKE (Commerce Secretary) : I lay on the table a copy of the Ottawa Trade Agreement Rules, 1932, with reference to the statement made in reply to the Honourable Rai Bahadur Lala Ram Saran Das's enquiry on the 19th December, 1932, during the discussion of the Indian Tariff (Ottawa Trade Agreement) Amendment Bill.

Notification by the Department of Commerce (Tariffs), dated New Delhi, the 24th December, 1932.

No. 780-T. (11)—In exercise of the powers conferred by sub-section 3B of section 3 of the Indian Tariff Act, 1894 (VIII of 1894), and by section 22 of the General Clauses 189, 1897 (X of 1897), the Governor General in Council is pleased to make the following Rules :—

RULES.

1. These Rules may be called the Ottawa Trade Agreement Rules, 1932.
Short title.
2. These Rules apply to goods consigned from the following countries, namely :—
Application.
 - (a) The United Kingdom of Great Britain and Northern Ireland, and
 - (b) The Colonies, British Protectorates, and territories under the British Mandate specified in the First Schedule
3. In these Rules—
Definitions.
 - (a) "Act" means the Indian Tariff Act, 1894;
 - (b) "United Kingdom" means the United Kingdom of Great Britain and Northern Ireland;
 - (c) "British Colony" means any country specified in the First Schedule;

- (d) "expenditure on material" means the cost to the manufacturer of the material at the factory or works, including containers but excluding Royalties; and
- (e) "factory or works cost" means the cost of production to the manufacturer at the factory or works and shall include the value of containers and other forms of interior packing ordinarily sold with the article when it is sold retail, but shall not include the manufacturer's or exporter's profit or the cost of exterior packing, carriage to port and other charges incidental to the export of the article subsequent to its manufacture:
4. No article shall be deemed to be the produce or manufacture of any country to which these Rules apply unless the Customs Collector is satisfied that it has been consigned from such country, and—
- Conditions for admission at preferential rates.
- (a) where the article is unmanufactured, that it has been grown or produced in such country, and
- (b) where the article is manufactured,—
- (i) that it has been wholly manufactured in such country from material produced in such country, or
- (ii) that it has been wholly manufactured in such country from unmanufactured materials, or
- (iii) that it has been partially manufactured in such country and the final process of manufacture has been performed in such country and that the expenditure on material produced and labour performed in such country in the manufacture of the article is not less than one quarter of the factory or works cost of the article in its finished state:

Provided that where the goods were consigned from a British Colony the material produced and labour performed in any other British Colony may be reckoned as though it were material produced or labour performed in the Colony from which the goods are consigned.

5. If the owner of any goods entered for home consumption claims that they are chargeable with a preferential rate of duty, but is unable at the time of entry to satisfy the Customs Collector that the goods fulfil the conditions laid down in Rule 4, the Customs Collector—
- Customs House procedure for goods entered for home consumption.

- (i) shall levy and collect the duty at the standard rate, and, if at any time within a period of three months from the date of payment of duty at the standard rate he receives an application in this behalf from the owner of the goods and is duly satisfied that the goods are entitled to entry at the preferential rate, shall make a refund to the owner of the extra duty levied; or
- (ii) may, in his discretion, levy and collect the duty provisionally at the preferential rate, subject to the execution by the owner of the goods of a bond in one of the forms prescribed in the Second Schedule binding himself to pay the balance of the duty.

6. (1) If the owner of any goods entered for warehousing claims that they are chargeable with a preferential rate of duty, but is unable at the time of entry to satisfy the Customs Collector that the goods fulfil the conditions laid down in Rule 4, the Customs Collector shall assess duty at the standard rates.
- Customs House procedure for goods entered for warehousing.

(2) If the Customs Collector is satisfied before the goods are removed from the warehouse that they are chargeable with a preferential rate of duty, he shall reassess them accordingly at the time of such removal.

(3) If the goods are removed from the warehouse without the Customs Collector being so satisfied, they may be dealt with in the manner prescribed in Rule 5.

7. Where any payment of duty due under a bond has not been made in accordance therewith, and upon demand being made, the Customs Collector may, in his discretion and without prejudice to his power to enforce the bond, recover the amount due at any time as if it were duty short-levied within the meaning of section 39 of the Sea Customs Act.
- Power to levy unpaid balances as duty short-levied.

FIRST SCHEDULE.

[See Rules 2 (b) and 3 (c).]

LIST OF BRITISH COLONIES.

East Africa.

1. Kenya, Uganda Protectorate, and the Mandated Territory of Tanganyika.
2. Northern Rhodesia.
3. Nyasaland Protectorate.
4. Somaliland Protectorate.
5. Zanzibar Protectorate.

South Africa (including St. Helena).

6. Basutoland.
7. Bechuanaland Protectorate.
8. Swaziland.
9. St. Helena.

West Africa.

10. Gambia.
11. Gold Coast.
12. Togoland under British Mandate.
13. Nigeria.
14. The Cameroons under British Mandate.
15. Sierra Leone.

Eastern and Far Eastern.

16. Ceylon.
17. Hong Kong.
18. Federated Malay States.
19. Unfederated Malay States, i.e., Johore, Kedah, Kalantan, Perlis and Trengganu.
20. Mauritius.
21. North Borneo.
22. Sarawak.
23. Seychelles.
24. Straits Settlements.

Mediterranean.

25. Cyprus.
26. Gibraltar.
27. Malta.

Pacific.

28. British Solomon Islands Protectorate.
29. Fiji.
30. Gilbert and Ellice Islands.
31. Tonga.
32. New Hebrides (Condominium).



LIST OF BRITISH COLONIES—*contd.*
West Indian (including the Falkland Islands).

33. Bahamas.
34. Barbados.
35. Bermuda.
36. British Guiana.
37. British Honduras.
38. Jamaica.
39. Cayman Islands.
40. Turks and Caicos Islands.
41. Leeward Islands, *i.e.*, Antigua, Dominica, Montserrat, St. Christopher-Nevis and the Virgin Islands.
42. Trinidad and Tobago.
43. Windward Islands, *i.e.*, Grenada, St. Lucia and St. Vincent.
44. Falkland Islands.

SECOND SCHEDULE.

[See Rule 5(ii).]

FORM A.

KNOW ALL MEN by these presents that I/we _____ of
 _____ and _____ of
 am/are held and firmly bound unto the Right Honourable the Secretary of State for
 India in Council in the sum of Rs. _____ to be paid to the
 said Secretary of State in Council, his successors or assigns for which payment,
 well and truly to be made I/we bind myself/ourselves and each of us my/our and each
 of our heirs and legal representatives firmly by these presents sealed with my/our
 respective seals, dated this.....day of.....19..

WHEREAS I am/we are the importer(s) of the goods named below which to the best
 of my/our belief fulfil the conditions laid down by the rules made under sub-section
 3B of section 3 of the Indian Tariff Act, 1894 for determining their eligibility to a
 preferential rate of duty under Part VIII or Part IX of the Second Schedule to that
 Act AND WHEREAS I/we have not been able to produce at the time of making
 entry of such goods at the Custom House evidence to satisfy the Customs Collector
 that those conditions are fulfilled AND WHEREAS the Customs Collector has
 agreed provisionally to accept duty at the preferential rate pending the production
 of such evidence and I/we have agreed that if such evidence is not presented to
 the Customs Collector within three months of the date of this bond or being so pre-
 sented is not accepted by him as satisfactory I/we will pay to the Customs Collector
 on demand the difference between the duty paid at the preferential rate and the
 duty leviable at the standard rate on the said goods NOW the condition of this
 bond is such that if the necessary evidence as aforesaid shall be produced to the
 Customs Collector within the said period and he shall accept such evidence as satis-
 factory or if I/we shall pay on demand the difference between the duty paid at
 the preferential rate and the duty leviable at the standard rate on the said goods,
 then the above written bond shall be void, otherwise the same shall be and remain
 in full force and virtue.

Signed, sealed and delivered }
 by the abovenamed in the }
 presence of—

FORM B.

KNOW ALL MEN by these presents that I/we _____ of
 _____ and _____ of
 am/are held and firmly bound unto the Right Honourable the Secretary of State for
 India in Council in the sum of Rs. _____ to be paid to the
 said Secretary of State in Council his successors or assigns for which payment
 well and truly to be made I/we bind myself/ourselves and each of us my/our and each
 of our heirs and legal representatives firmly by these presents sealed with my/our
 respective seals, dated this.....day of.....19..

WHEREAS I am/we are a regular importer(s) of goods which fulfil the conditions laid down by the rules made under sub-section (3B) of section 3 of the Indian Tariff Act, 1894 for determining their eligibility to preferential rates of duty under Part VIII or Part IX of the Second Schedule to that Act AND WHEREAS it is likely that from time to time I/we may not be able to produce at the time of making entry of goods at the Customs House evidence to satisfy the Customs Collector that those conditions are fulfilled and that the goods, particulars of which are contained in the bill of entry, are assessable to customs duty at the preferential rate AND WHEREAS the Customs Collector at..... has agreed that if, having regard to the nature or particulars of such goods as detailed in such bill of entry, he is of opinion that it is likely that the necessary evidence is capable of being produced to satisfy him that the goods are entitled to be assessed for customs duty at the preferential rate he will provisionally accept duty on such goods at the preferential rate pending the production by me/us of the necessary evidence, and I/we have undertaken that in every such case I/we will within three months from the date of making entry of such goods present such evidence to the Customs Collector and that if such evidence is not in every case presented within the period aforesaid or if being presented it is not accepted by the Customs Collector I/we will forthwith on demand pay to the Customs Collector the difference between the duty paid on such goods at the preferential rate and the duty leviable at the standard rate AND WHEREAS it has been further agreed with the Customs Collector that the security given by these presents shall cover a total sum representing the difference between such rates of duty of Rs. X/2

and that if and whenever the total unadjusted claims by the Customs Collector against me/us in respect of such unpaid duty shall amount to more than Rs. X/2

the Customs Collector may refuse to consider the possibility of evidence being procurable though not available at the time of making entry of any further goods unless I/we shall offer to the Customs Collector and he shall be willing to accept a further bond in similar terms hereto for such amount as the Customs Collector shall decide NOW the condition of the above written bond or obligation is such that if the necessary evidence as aforesaid shall be produced to the Customs Collector within three months from the respective dates of making the entry from time to time of any such goods and the Customs Collector shall accept such evidence or if the difference between the duty paid on any such goods at the preferential rate and the duty leviable at the standard rate shall from time to time be paid by me/us on the demand of the Customs Collector then the above written bond or obligation shall be void; otherwise the same shall be and remain in full force and virtue.

Signed, sealed and delivered
by the abovenamed in the
presence of— }

J. C. B. DRAKE,
Secy. to the Govt. of India.

Notification by the Department of Commerce (Tariffs), dated New Delhi, the 21st January 1932.

No. 20-T. (3)/32.—In exercise of the powers conferred by sub-section (3B) of section 3 of the Indian Tariff Act, 1894 (VIII of 1894), the Governor General in Council is pleased to direct that the following amendments shall be made in the Ottawa Trade Agreement Rules, 1932, namely:—

In the Second Schedule to the said rules—

(1) After form A, the following form shall be inserted, namely:—

“FORM AA.

KNOW ALL MEN by these presents we and of
(hereinafter referred to as “the Importers”) and we (Indenting House or Bankers) of
of (hereinafter referred to as “the Sureties”) are
held and firmly bound unto the Right Honourable the Secretary of State for India in
Council in the sum of Rs. to be paid to the said Secretary of
State in Council, his successors or assigns for which payment well and truly to be
made we hereby jointly and severally bind ourselves and each of us and each of
our heirs and legal representatives firmly by these presents sealed with our respective
seals, dated this.....day of.....19

WHEREAS we the importers are the importers of the goods named below and we the sureties have been concerned in the purchase by the importers of the said goods (are the Bankers of the Importers) AND WHEREAS to the best of the knowledge and belief of us the Importers and of us the Sureties the said goods fulfil the conditions laid down by the rules made under sub-section 3B of section 3 of the Indian Tariff Act, 1894 for determining their eligibility to a preferential rate of duty under Part VIII or Part IX of the Second Schedule to that Act AND WHEREAS the Importers have not been able to produce at the time of making entry of such goods at the Custom House evidence to satisfy the Customs Collector that those conditions are fulfilled AND WHEREAS the Customs Collector has agreed provisionally to accept duty at the preferential rate pending the production of such evidence and the Importers have agreed that if such evidence is not presented to the Customs Collector within three months of the date of this bond or being so presented is not accepted by him as satisfactory they the Importers will pay to the Customs Collector on demand the difference between the duty paid at the preferential rate and the duty leviable at the standard rate on the said goods NOW the condition of this bond is such that if the necessary evidence as aforesaid shall be produced to the Customs Collector within the said period and he shall accept such evidence satisfactory or if the Importers or failing them the Sureties shall pay on demand the difference between the duty paid at the preferential rate and the duty leviable at the standard rate on the said goods, then the above written bond shall be void, otherwise the same shall be and remain in full force and virtue.

Signed, sealed and delivered
by the abovenamed in the
presence of....."

(2) In form B, the sign "X"/2, wherever it occurs, shall be omitted.

J. C. B. DRAKE,

Secy. to the Govt. of India.

No. 20-T. (3)/33.

A copy of the above notification is forwarded to all Local Governments and Administrations and the Political Officers and to all Departments of the Government of India, to the Private Secretary to His Excellency the Viceroy and to the Military Secretary to His Excellency the Viceroy.

A copy is also forwarded to all Collectors of Customs (with reference to his letter No. 660, dated the 6th January 1933), the Principal Collector of Customs, Colombo, the Collector of Salt Revenue, Bombay, the Accountants General, Madras, Bombay, Bengal and Burma; the Audit Officer, Lloyd Barrage and Canals Construction, Karachi, the Accountant General, Central Revenues, Delhi, the Director General of Commercial Intelligence and Statistics, the Secretary, Tariff Board, the High Commissioner for India, London, the Indian Trade Commissioner, London, the Director, Federation of British Industries, London, the Indian Government Trade Commissioner, Hamburg, Germany, His Majesty's Trade Commissioner in India, all Chambers of Commerce and Associations, the Canadian Government Trade Commissioner in India, the American Trade Commissioner, Calcutta; the Chief Customs Officer, Port Okha (Kathiawar); and to the Central Board of Revenue.

By order, etc.,

LADLI PERSHAD,

Asstt. Secy. to the Govt. of India.

() To Collector of Customs, Calcutta, only.

CENTRAL BOARD OF REVENUE.

New Delhi, the 20th December, 1932.

Press Communiqué.

As soon as the Indian Tariff (Ottawa Trade Agreement) Amendment Bill, which has passed both Houses of the Legislature, becomes law and rules have been issued under new sub-section (3B) of section 3 of the Indian Tariff Act, 1894, the Central Board of Revenue intends to instruct Collectors of Customs that the evidence ordinarily to be required in order to satisfy them that goods named in Part VIII or Part IX of the Second Schedule to that Act are entitled to admission at the preferential rate of duty shall be the production of a certificate in Form A appended, signed by the supplier or manufacturer of the goods.

2. At the same time, Collectors of Customs will be instructed that, in lieu of the form of certificate of origin for iron and steel goods of British manufacture at present prescribed, galvanized sheets of such manufacture should in future be covered by a certificate in Form B appended, signed by the supplier or manufacturer of the goods.

C. No. 603-Cus.-II/32.

Copy forwarded to—

All Collectors of Customs.

The Accountants General, Bengal, Bombay, Madras and Burma, the Accountant General, Central Revenues, and the Audit Officer, Lloyd Barrage and Canals Construction, Karachi.

The Commerce Department.

The Director-General of Commercial Intelligence and Statistics, for publication in the *Indian Trade Journal*.

The Secretary, Tariff Board.

The Indian Trade Commissioner, London.

The Indian Government Trade Commissioner, Neuer Jungfernstieg, No. 9, Hamburg, Germany.

The Canadian Government Trade Commissioner, Calcutta.

The American Trade Commissioner, Calcutta.

The British Trade Commissioners in India, Calcutta and Bombay.

The Director, Federation of British Industries, London.

The Hon'ble the Agent to the Governor General in the States of Western India.

The Resident at Baroda.

The Agent to the Governor General, Madras States.

The Chief Customs Officer, Port Okha (Kathiawar).

The Principal Collector of Customs, Colombo.

(Sd.) W. A. ROSE,
for Secretary, Central Board of Revenue.

FORM A.

Form of combined certificate of value and origin to be written, typed or printed on invoices of goods for which entry into India is claimed at preferential rates of duty laid down in Parts VIII and IX of Schedule II to the Indian Finance Act, 1894.

(NOTE.—In this form, "United Kingdom" and "British Colony" have the meanings defined in the Ottawa Trade Agreement Rules, 1932.)

I (1) of (2) of (3)
 Manufacturer/Supplier of the articles enumerated in this invoice hereby declare that I [(4) have the authority to make and sign this certificate on behalf of the afore-said Manufacturer/Supplier and that I] have the means of knowing and do hereby certify as follows:—

Value.

1. That this invoice is in all respects correct and contains a true and full statement of the price actually paid or to be paid for the said goods, and the actual quantity thereof. |

2. That no different invoice of the goods mentioned in the said invoice has been or will be furnished to anyone; and that no arrangements or understanding affecting the purchase price of the said goods has been or will be made or entered into between the said exporter and purchaser, or by anyone on behalf of either of them either by way of discount, rebate, compensation or in any manner whatever other than as fully shown on this invoice, or as follows (5).....

Origin.

3. That every article mentioned in the said invoice has been either *wholly grown or produced or wholly or partially manufactured* in (6).....

4. As regards those articles wholly manufactured in (6).....that all manufacturing processes, if any, involved in making the articles from unmanufactured raw materials have been performed in that country.

5. As regards those articles only partially manufactured in (6).....

(a) That the final process of manufacture of each and every article has been performed in that country;

(b) That the expenditure on material produced in (7).....and labour performed in (7)....., calculated subject to the qualifications hereunder, in each and every article is not less than one-quarter of the factory or works cost of the article in its finished state; and

(c) That in the calculation of such proportion of produce or labour of (7)....., none of the following items has been included or considered, *viz.* :—

Manufacturer's profit or remuneration of any trader, agent, broker, or other person dealing in the articles in their finished condition; royalties; cost of outside packages or any cost of packing the goods thereinto; any cost of conveying, insuring or shipping the goods subsequent to their manufacture. |

Dated at.....this.....day of.....193 ..

Witness.....Signature.....

FORM OF INVOICE.

Marks and numbers.	Description of goods.	Quantity.	Selling price to purchaser.	
			At.	Amount.

(1) Here insert Manager, Chief Clerk, or as the case may be.

(2) Here insert name of firm or company.

(3) Here insert name of city or country.

(4) The words in square brackets should be omitted where the manufacturer or supplier himself signs the certificate.

(5) Here insert particulars of any special arrangement.

(6) Insert "the United Kingdom" or name of British Colony.

(7) Insert either "the United Kingdom" or "any British Colony".

FORM B. }

Form of combined certificate of value and origin to be written, typed or printed on invoices of galvanized iron or steel sheets of British manufacture for which entry into British India is claimed at a differential rate of duty.

I (1) of (2) of (3)
 Manufacturer/Supplier of the articles enumerated in this invoice hereby declare that I [(4) have the authority to make and sign this certificate on behalf of the afore-said Manufacturer/Supplier and that I] have the means of knowing and do hereby certify as follows :—

Value.

1. That this invoice is in all respects correct and contains a true and full statement of the price actually paid or to be paid for the said goods, and the actual quantity thereof.

2. That no different invoice of the goods mentioned in the said invoice has been or will be furnished to anyone; and that no arrangements or understanding affecting the purchase price of the said goods has been or will be made or entered into between the said exporter and purchaser, or by anyone on behalf of either of them either by way of discount, rebate, compensation or in any manner whatever other than as fully shown on this invoice, or as follows (5).....

Origin.

3. That the galvanized sheets included in this invoice have been manufactured in the United Kingdom of Great Britain and Northern Ireland from sheet bar—

- (i) made in India, or ,
- (ii) not made in India, (6).

and that no process of manufacture later than the making of the sheet bar has been carried out elsewhere than in the said United Kingdom.

Dated at.....this.....day of.....193 ..
 Witness.....Signature.....

Countersigned,

Indian Trade Commissioner,
 London.

FORM OF INVOICE.

Marks and numbers.	Description of goods.	Quantity.	Selling price to purchaser	
			At.	Amount.

- (1) Here insert Manager, Chief Clerk, or as the case may be.
- (2) Here insert name of firm or company.
- (3) Here insert name of city or country.
- (4) The words in square brackets should be omitted where the manufacturer or supplier himself signs the certificate.
- (5) Here insert particulars of any special arrangement.
- (6) Strike out entry (i) or (ii) as the case may be.

PRESENTATION OF THE GENERAL BUDGET FOR 1933-34.

THE HONOURABLE MR. J. B. TAYLOR (Finance Secretary): Sir, I rise to present the Statement of estimated expenditure and revenue of the Governor General in Council for the year 1933-34 in respect of subjects other than Railways.

2. In this Budget we can face the people of India with the consciousness of a difficult situation squarely met. When the Honourable Mr. Brayne rose in this House 12 months ago to present the Budget for 1932-33, the difficulties which he indicated could without exaggeration be described as appalling. The previous year had closed with a deficit of 11½ crores and for 1932-33 he anticipated that the deficit would reach 13·6 crores. The economic fabric of the country had suffered a shock of unparalleled magnitude owing to the collapse of commodity prices and there was no real indication or even any prospect of their recovery within any period which could be forecasted. An emergency budget with drastic measures of retrenchment has been placed before the Legislature some months before, but even in that short time it appeared as if the calculations on which it was based were to be falsified by the continued deterioration in the international situation.

3. Today, though it would be rash to predict any improvement in the international position, though commodity prices are lower even than they were 12 months ago, the Government of India are in the fortunate position of being able to put before this House their revised estimates for the current year, which show that the surplus of 2,15 lakhs which was budgeted for has been most accurately fulfilled: the actual surplus which we hope to have at the end of the year on our latest estimates being 2,17 lakhs. As I shall show later, this does not mean that every one of our estimates hit the mark so accurately; the total is the result of various opposing factors, some of which represent windfalls which we cannot expect to have repeated next year.

4. I shall now extract from the published statements the salient figures showing how this result was reached. I might first mention that, when we finally compiled the accounts for 1931-32 the results were nearly 2 crores better than were anticipated in the Budget speech, and the accounts for the year showed a deficit of 11½ crores as against the estimate of 13·6 crores.

5. As regards our revenue during the current year, the revised estimates of our most important receipt, that of customs, corresponded almost exactly with the budget estimate. In the Budget we had taken a figure of 52,31 lakhs, and so far as we can see we will realise 52,29 lakhs. Here again increases in some of our estimates balanced decreases in others. The largest increase was under cotton piecegoods where we estimated that we would receive 3·79 lakhs and actually received 6·40. Against this we had a falling off in the receipts from sugar; we received 7·1 crores as compared with our estimate of 8·9. The import duty on silver and on motor cars and cycles, liquors and to bacco also failed to reach our expectations.

6. As regards cotton piecegoods, I think that we must consider the large imports during the past year as somewhat abnormal. To a certain extent the waning of the boycott movement contributed to the improvement and this is shown by the fact that British goods also shared in the recovery. The most important factor was, however, undoubtedly the stimulus to Japanese imports afforded by the depreciation of the *yen*.

7. In this connection, interesting statistics have been prepared by Dr Meek, the Director General of Commercial Intelligence, regarding the

imports of piecegoods and other necessities. These statistics are being published with the documents connected with the Budget, and I would invite the particular attention of this House to them. They show that the standard of living of the masses is being maintained in a most remarkable manner in spite of the fall in the prices of their own produce. It seems impossible to resist the conclusion that this remarkable maintenance of consumption power by the people of India is due primarily to exports of gold—an important question which I shall discuss later. In any case, it has helped to maintain our customs receipts in a most satisfactory manner.

8. I now turn to the other items in our revenue. In our estimate of income-tax we slightly overshot the mark, budgetting for 18,73 lakhs, and receiving according to our latest estimates 17,70; salt gave us 10,38 lakhs as compared with our estimate of 9,43, though here it is to be noted that the receipts were enhanced to a greater extent than we anticipated by the extension of the salt credit system which was one of the features of our emergency budget of September, 1931 and which produced a special addition to our Budget during the current year of 150 lakhs. The other items of revenue call for no special comments, the net result being that we expect to realise 127·13 crores as against a budget estimate of 129·96—a drop of 2,83 lakhs.

9. As regards expenditure, the estimated result for the year is 124·96 crores as compared with a budget of 127·81, a saving of 2·85 crores. I propose to deal with expenditure under four heads : first, civil; second, defence; third, commercial departments; and fourth, general financial heads such as service of debt, currency and exchange.

10. On civil heads we budgeted for an expenditure of 20,65 lakhs, and our revised estimates show that that figure will be almost exactly realised. The revised estimate is 20,89 lakhs, showing an apparent increase of 24 lakhs. 61 lakhs of this may, however, be regarded as either technical expenditure which involves no loss to Government or expenditure which is definitely non-recurring. Among the technical excesses I would quote for instance 16 lakhs for extra payments under opium, the yield of the crop being unexpectedly high : the opium has of course to be purchased from the cultivators but the cost will all be subsequently recovered. Among the non-recurring items I would include the increased charges for pensions due to the continuation of retrenchment and for the commutation of pensions; these items amounted to 13 lakhs. Taking all the items together, we calculate that in our ordinary working costs we will have achieved during the year economies of 41 lakhs more than we anticipated. Here it might be convenient to make a comparison with the recommendations of the four civil retrenchment sub-committees. They recommended retrenchments in expenditure totalling 499 lakhs; against this in the last Budget Government announced that they had achieved economies of 433 lakhs; this we have now raised to 474 or nearly 95 per cent. of the amount recommended by the committees.

11. Next year we hope to do even better. The estimates for civil expenditure in 1933-34 are 20,53 lakhs as compared with the revised estimate of 20,89 lakhs for the current year, that is to say, a reduction of 36 lakhs. This economy is being effected even after making allowance for the reduction of the cut in pay to 5 per cent. which will involve an extra charge of 27 lakhs on the civil side, and the normal increments in time-scale pay which we calculate will amount to approximately 16 lakhs. In addition, there are various other items of new unavoidable expenditure which will amount to 14

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lakhs. As these three factors account for 57 lakhs, it will be seen that the reduction which we hope to effect in our normal expenditure next year is no less than 93 lakhs. I am giving these counterbalancing items in addition to the net result because though naturally it is only the net result—the economy of 36 lakhs—which Members of this House will look to, it is important to show how continuous and unrelenting must be the scrutiny of existing expenditure if the burden on the taxpayer is not to grow because of the inclusion of unavoidable new items.

12. As regards the Defence budget, the retrenchment has been even more drastic. In the current year after allowing for the full effects of the 10 per cent. cut in pay, the net budgetary allotment was 46·74 crores. For 1933-34, in spite of the partial restoration of the cut which involves an additional expenditure of 52½ lakhs, the net provision is 46·20 crores, that is to say, a further net reduction of 54 lakhs. It is true that the army has to a certain extent benefited by the fall in the prices of commodities, but the difference made in their budget between 1928-29 and now on this account is only approximately 1 crore, and the Army budget has been reduced in the last three years from 55·10 crores to 46·20 crores, that is to say, by nearly 9 crores. This has been due to the pursuit of a policy of drastic economy by the army authorities and it is obvious that curtailment on this scale must have involved a very considerable retrenchment and paring down of the margin of safety which could only be justified on account of overwhelming financial necessity.

13. As regards the commercial departments, I have little comment to make. The Honourable Sir Guthrie Russell presented the House with the picture of the railways some days ago, and though I agree with him that the position in our railways compared favourably with that in other countries, there can be no prospect of material relief until trade improves. The same may be said of posts and telegraphs where, after allowing for the extra 27½ lakhs on account of the reduction in the cut in pay and 15 lakhs on account of increments, and setting off against this economies of 25 lakhs which we hope to achieve in other directions, the net loss next year will we estimate be 57 lakhs as compared with 48 lakhs this year.

14. I now turn to the finance heads, that is to say, the administration of debt, currency and exchange, and here I am glad to say that the picture is decidedly more cheerful. Members of this House need not be reminded of the sensational improvement in our position since we jointly with England unpegged gold in September, 1931, and allowed it to soar untrammelled. Exchange was very steady throughout the year, and from the middle of August we have been able to effect large purchases of sterling, which we estimate for the year at nearly £40 millions, at an average rate of 1s. 6-5/32d. As we budgeted for a rate of 1s. 6d., this has given us a profit of 30 lakhs. But that is by no means the whole story. Our requirements for the year were £24 millions, so that the balance of approximately £15½ millions has been available for strengthening our currency reserves. In addition, we hope to close the year with a balance in London of £13,400,000 as compared with £15,800,000 last year. In 1933-34 we have estimated for a reduction of the closing balance to £4,920,000 on the 31st March, 1934. On the assumption that we float a sterling loan for £6 millions in 1933-34, this means that the sterling which we will have to purchase next year will be £21 million only as compared with our

actual purchases in the current year of £40 millions. If there is any surplus, we will probably find it best to devote it, as in this year, to a further strengthening of our sterling currency reserves.

15. The strength of exchange is primarily due to one cause—the large exports of gold. In the fifteen months between September, 1931 and December, 1932 India, on balance, exported gold of the value of 107·08 crores. In his Budget speech the Honourable Finance Member has analysed the various aspects of this phenomenon which has amazed and confuted those western critics with whom it had become an article of their monetary creed that India was and would always remain a sink of the precious metals. I propose now to deal only with two of the more important criticisms which have been made against Government, which I consider to be primarily due to a misunderstanding of the essence of the problem. In the first place, our critics say that by allowing our gold to go in this unfettered manner we are dangerously depleting the reserves of the country.

16. I would first point out that the volume of our exports is somewhat exaggerated by the fact that they are generally quoted in terms of value and not in weight. The price of gold in terms of rupees has varied widely in the past 20 years, so that calculations based on price are misleading. Many of our critics forget that the gold which has been exported in the last 18 months has been sold at a profit of between 25 and 30 per cent. If I take the figures in ounces, the strength of India's position becomes extraordinarily striking. The weight in ounces of our net exports from September, 1931 to December, 1932, is 14,110,000 ; the net imports from April, 1926, up to the date when exports began on a large scale is no less than 15,120,000 ; that is to say, that in spite of all that we have exported, we are still only back where we were in June, 1926 ; and if we go back to April, 1922, we find that in those four years India's net imports amounted to 28,279,000 ounces, in other words, we could export twice as much as we have already exported and still be where we were eleven years ago. If we go still further back, though the figures can only be regarded as very approximate, certain statisticians have calculated that India up to the end of the war had amassed a stock of more than a 100,000,000 ounces of which 50 had been imported since 1900, that is to say, that at present prices there should be still about a 1,000 crores worth of gold in India. However that may be, and I do not wish to attach importance to these early estimates it is obvious that the exports so far have only scratched the surface of the gold mine.

17. The next criticism that is made is that we should in some way or other have contrived to secure this gold for the Indian currency reserves with a view to rendering possible the creation of a reserve bank at an early date. Here again there is a great deal of misunderstanding. In his Budget speech the Honourable Finance Member has conclusively proved a fact that is obvious when explained, that is to say, that it would have been impossible for us to have acquired more gold than we have at present secured sterling, unless we were prepared either to attract it by maintaining artificially high rates of money, or to grab it by placing an embargo on its export and thus compelling the holders to sell it to us at less than the world price. We were not prepared to consider either of these courses, so that under open market conditions it is obvious that we could not get more gold than we have bought sterling. During the period in question we have built up our reserves to the extent of £30 million sterling, so that the question narrows down to a clear and definite issue : would it have been better for us to have bought gold to this amount instead of buying sterling ? I will first of all deal with the criticism that the retention

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of this gold would have helped towards the creation of a reserve bank to a greater extent than acquisition of sterling. Here we are on quite clear ground and can say definitely that this is a mistake. Though there was much dispute five years ago as to the directorate of the proposed reserve bank, there was fairly general agreement as to the composition of the reserves, as embodied in the Reserve Bank Bill in the final form in which it was presented in January, 1928. The stipulations were, first, that before Government handed over the responsibility for the currency to the new institution the total amount of gold coin and bullion and securities should not be less than one-half of the whole amount transferred; second, that the amount of gold coin and gold bullion should not at any time be less than 30 crores of rupees in value; third, that it should not be less than one-fifth of the total amount of the reserve after the end of the fifth year; and fourth, that 17/20ths of the actual gold should be held in India. How does our position compare with this? Our liabilities on the 31st January of this year on the basis of the calculations of the Reserve Bank Bill would be 214 crores—174 for outstanding notes and 40 for the rupee redemption fund. One-fifth of this is 43 crores. We actually have gold to the amount of 44.36 crores of which all except 3 crores is held in India. We are thus not only 14 crores in advance of our initial requirement of 30 crores, but 1 crore in advance of the amount which we are expected to reach after five years. On the other hand, as regards external securities, we require 63 crores, and at present we only have 35. It is therefore obvious that it is our external securities which require building up rather than our gold. We are ahead of our programme as regards gold, but as regards securities we still have a leeway of approximately 28 crores to make up.

18. I wish to make it quite clear that here I am merely answering the particular criticism that our policy is not that which is best directed to the early creation of a reserve bank, in order to show that we are following strictly the lines laid down by common consent, and the scheme which still holds the field to meet that object. With the separation of gold from sterling and the rupee, however, it is obvious that entirely new problems have been created which must be judged in the circumstances as they arise, and that though we are at present following the programme laid down for us, we are in no way committing ourselves blindly for the future should it seem to require modification in the interests of the country; that is to say, though for the present it seems to us not only to suit our programme but to be in the interests of the country to buy securities, rather than gold, we are not committing ourselves in any way to go on doing so indefinitely.

19. With this caution I would now like to take the House further afield and to survey the international aspect of the problem. Here there can be no doubt whatever that our policy is in the best interests of the economic reconstruction of the world as a whole. In fact, in the complete absence of any approach to any alternative system which would replace gold as the basis of the world's currency systems, I might go further and say that Indian gold exports are the only promising feature in the situation. So long as gold forms the international medium of currency, so long must prices in the long run depend on the amount of it available for currency purposes, and though the gold which we are sending abroad is being at present, as we think, uselessly bottled up elsewhere, India is taking her profit on it and turning that profit to good uses, and later on the force of circumstances will inevitably compel those who are now hoarding it to release it. When they do I trust that India will have sufficient commonsense to insist that the price which she pays to

take it back if she does want it back is a price much more in accordance with its secular value and not the fancy level to which a panic-stricken world has now pushed it. When the time comes for the release of the world's hoarded gold stocks, as come sooner or later it must, India, as one of the largest exporters of raw materials, will benefit beyond all reckoning by the increased world purchasing power which she is now creating.

20. Apart also from the international benefits which are not yet apparent, India itself in the meantime is benefitting directly by these sales. As I pointed out earlier in my speech, it has enabled the country to continue its consumption of the primary necessities of a decent life practically unabated while other countries have had to tighten their belts and do without.

21. In addition, the funds so released have contributed to what I may describe without exaggeration as a complete transformation of India's credit position. Eighteen months ago our $3\frac{1}{2}$ per cent. paper stood at 53; now it is about 83; our sterling $3\frac{1}{2}$ per cents. stood at 46, they are now 89. The bank rate was then 8 per cent., it is now $3\frac{1}{2}$. Our securities now stand higher than those of any important country except the United Kingdom and the United States of America. The continuous and rapid improvement in our credit enabled us to float one sterling and four rupee loans. The rupee loan which we issued in May gave a yield to the investor of $5\frac{1}{2}$ per cent.; the 4 per cent. 10-year bonds which we issued in January at a price of 98 gave a yield of less than $4\frac{1}{2}$ per cent. Twelve months ago it would have been unthinkable for us to have floated a loan with a maturity of more than a few years; we are now concluding a successful re-issue of the 1960-70 4 per cent. loan giving a gross yield of approximately $4\frac{1}{2}$ per cent. In the last Budget we anticipated that we might be able to reduce the treasury bills held by the public to the extent of approximately 7½ crores; in reality we have reduced them by 19½. We have also reduced the treasury bills in the currency reserve by 14½ crores and replaced them by sterling securities. We estimated that we could discharge 26½ crores of public debt during the year; we have actually discharged more than 80. This means that, taking maturing loans, treasury bills and ways and means advances from the Imperial Bank together, during the year we have disposed of immediate liabilities to the extent of more than 123 crores. In addition, we have been able to cheapen money rates by progressive reductions in the yield of our treasury bills. Twelve months ago we were paying nearly 7 per cent.; now we are paying less than 2. The yield of our post office cash certificates has been progressively reduced from 6 per cent. to $4\frac{1}{2}$ per cent., and we have realised 14,35 lakhs from cash certificates and deposits in post office savings banks as compared with the budget anticipation of 7 crores and an average of less than $5\frac{1}{2}$ crores for the five years 1926 to 1931.

22. For next year our capital programme has been framed on cautious lines. The railway capital outlay we are putting at 3,30 lakhs as compared with the budget estimate of 4,15 lakhs and a revised estimate of 81 lakhs for the current year. The loans to Provincial Governments we are putting at 4,24 lakhs. On this basis we should be able to effect a further reduction of 8 crores in our outstanding treasury bills and still have approximately 17 crores available to meet our maturing loan liabilities. We have framed our estimate for the receipts from post office cash certificates and savings bank deposits on conservative lines, budgetting for 840 lakhs as against the final estimate of 14,35 in the current year. We have done this because of the reduction of the yield to $4\frac{1}{2}$ per cent., but the investment habit in the country is now developing to such an extent that it is quite possible that this estimate

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may be substantially exceeded. Against these resources our actual maturing liabilities are not large. As regards our rupee loans we shall have to meet that portion of the 1929-47, 1933 and 1933-36 loans which remain unconverted after the closing of the present conversion issue. The final figures of that issue are not yet available, but those which have already come in show that we shall convert more than 32 crores. On that assumption we shall require to raise less than 2 crores to meet the balance. As regards sterling, we should require to raise 8 crores in London to pay off the balance of the 6 per cent. loan which we have the option of repaying in June. These figures of course are merely to illustrate our position; they do not indicate our policy. We shall buy as much sterling as we can and fund as many of our loans as we can and use the proceeds to strengthen our reserves and our credit position generally.

23. We can now complete the picture of next year's Budget. As you will have gathered, we propose no material alterations in taxation. As regards customs, we have carefully considered, particularly with regard to the so-called luxury taxes, whether the point of diminishing returns has been reached, but we are satisfied that there is no class of ordinary imports where a reduction in the duty would increase the demand to such an extent as to produce an increase of revenue. We also regret that we are unable to make any alleviations in the emergency taxes on income. All we can say is that they will be removed as soon as possible, and that until they are removed all possible steps will be taken to curtail expenditure. Two minor alterations are being effected in the tariff, with regard to import duties on boots and shoes and artificial silk goods, with which I need not detain the House. We are also re-imposing the stamp duty on cheques with effect from the 1st July, 1933. The legislation will be central but the proceeds will be divided among the provinces as was the case before the tax was removed in July, 1927. The net result of these various adjustments is that we anticipate a revenue surplus of 42 lakhs as compared with an estimated surplus of 217 in the current year. This is undoubtedly small in view of the uncertainty of world conditions and prices, but it is based on the expectation of a continuance of present conditions without any improvement, and we do not consider that this is unduly optimistic.

24. I may summarise the position as follows :

Revenue.	Lakhs.	
	Better.	Worse.
<i>Customs.</i> —Reduction allowed for in imports of sugar and cotton piecegoods		104
<i>Income-tax.</i> —Increase due to removal of exemption from surcharge of Government servants	53	
<i>Salt.</i> —Reduction mainly due to temporary decrease in receipts on the termination of the credit system		163
<i>Opium better</i>	25	
<i>Finance heads</i> including temporary loss on account of funding of treasury bills at a lower rate of interest into loans at a somewhat higher rate		15
<i>Commercial departments worse</i>		11
<i>Miscellaneous.</i> —Reduction due to no provision for gain by exchange		45

(I might explain that this item is based on the assumption that all remittances will be effected at 1s. 6d. If we can secure better rates, we will regard the gain as a windfall.)

<i>Expenditure.</i>	<i>Lakhs.</i>	
	<i>Better.</i>	<i>Worse.</i>
Net reduction under civil and military heads, in spite of the partial restoration of pay .	85	
Total betterness . .	163	
Total worseness . .		338
Net deterioration . .	175	

Net effect 42 lakhs surplus compared with 217 this year.

25. There is one feature in the Budget in which Members of this House have already shown an active interest. I refer, Sir, to the partial restoration of the cut in pay.

26. First let us examine its financial effects. We have already seen the effect on the railways in the Railway Budget. As regards the other Central Government civil services including the posts and telegraphs department, a restoration of the full cut in pay for 12 months would have cost 122 lakhs, and for the army 114 lakhs. As, however, March pay is paid on the 1st of April and as the 10 per cent. cut continues to apply to all pay earned up to March, 31, 1933, the recent decision of Government affects only 11 months pay in the next Budget and not 12. A 5 per cent. reduction for 11 months therefore means 55 lakhs on the civil side and 52½ lakhs on the army—a total of 108 lakhs. As against this the central budget will recover, as the result of the withdrawal of the exemption from income-tax surcharges and the tax on incomes below Rs. 2,000 from Government officials, a net increase in income-tax receipts of 53 lakhs. The net cost of the proposal to the Central Government is thus 55 lakhs.

27. This is not the whole picture. The income-tax made recoverable from railway officers by the present decision amounts to 14 lakhs. When we extended the full 10 per cent. cut to the railways we made the railway administration pay us this amount though it was not levying it from its officers, on the ground that, as they were a separate commercial department, there was no reason why we should in effect pay our income-tax to them. As this amount is now being raised from railway officers, it is obvious that it is now something which we are getting which we were not getting before, so that from the point of view of the taxpayer, taking the railway budget and the Government budget together, the net cost of the proposal to the Central Government is reduced to 41 lakhs.

28. There is, however, a set off which in certain circumstances we may have to make. When we made the cut last year and exempted Government officers from the surcharges on income-tax, one result was that Provincial Governments profited at the expense of the Central Government in respect of the income-tax which would have accrued to us if it had been levied from their officers. Now that this income-tax exemption has been removed, the proceeds accrue to us and this clearly is as it ought to be. It would be a most dangerous precedent to admit that the Central Government might have to give up the proceeds of taxation on the ground that they were borne by officers serving under Provincial Governments. At the same time, both the cut and the exemption from taxation were definite emergency measures, and it could be argued that so long as the cut persists even in part so long we must admit that this exceptional emergency continues, and that looking at the sequence of events Provincial Governments can be sympathised with if they ask that a certain amount of this should be returned to them. We estimate that the

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total amount involved will be about 36 lakhs. The Government of India desire to meet these considerations so far as they can and it has therefore been decided that if the financial results for this year make it possible proposals will be placed before the Legislature in due course to make special grants to those Provincial Governments which satisfy us that they are in unavoidable deficit, to compensate them for the emergency income-tax increases now to be levied for the first time on the salaries of such of their officers as are still subjected to a cut in pay. If therefore our budget estimates are realised, we hope to be in a position to make grants towards this object.

29. Before leaving this part of the question I would like to point out that the principal benefit of this partial restoration will be felt in the lower grades. Officers on the highest rates of pay benefit hardly at all from the present proposal; in general it may be held that for officers earning Rs. 1,500 a month and over the surcharges mean a reduction of from 2½ to nearly 4½ per cent.

30. I have now explained to the House the effects of this partial restoration on Government's finances and on the officers themselves. I shall now proceed to explain our reasons for acting as we did. The whole question is being thoroughly examined in the speech of the Honourable Finance Member in the other House, and here I merely wish to state what we consider the root of the matter. The essential point is that when a general reduction of salaries was introduced as part of the emergency financial plan in September, 1931, its only justification was the existence of an exceptional emergency of extreme gravity; the step was one which could only have been contemplated after the effects of all other measures had been exhausted. It was, as you will remember, a time when the British Government and we were faced with the momentous decision whether we could any longer adhere to a fixed gold standard, and it was obvious that taxation and retrenchment alone would not tide over the crisis. In a storm something has to be jettisoned to save the whole, and we were faced with the unpleasant task of deciding what it was to be. In face of a similar predicament some countries repudiated their debts either openly by a moratorium or indirectly by refusing to send the proceeds to the investors abroad. We refused to contemplate any measures of this sort, and I think that everybody will admit that we were right in doing so. But the fact that in preference to undertaking such measures of direct or indirect repudiation we decided that we could rely on the loyalty of our Government servants and call on them temporarily to forego rights which really fall in the same class as the obligations which I have just mentioned, does not mean that we under-estimated the gravity of the step which we were taking and still less that we were admitting as a principle that the pay of Government servants was optional expenditure which could be raised or lowered each year in the same way as taxation. That the position of Government may be quite clear in this matter I venture to repeat what the Honourable Finance Member said when introducing the original proposals in September, 1931. The first condition was that

"the cut should be of a temporary nature not extending beyond the needs of the present exceptional emergency. Its justification is in the need for common sacrifice in a national emergency",
and then

"it is perhaps forecasting events too much to say in what order restoration should be made, but there are certain principles which we consider must be observed. Relief must come first in restoring the emergency cuts in pay, and secondly in taking off the surcharges on income-tax now to be imposed".

31. I have now placed before the House the main features of the Budget, and though it is not altogether a pleasant Budget, it seems impossible for the

Finance Department of this or any other government to be pleasant if it is to be honest in the world of today. Though I am confident that eventually the commonsense of the world will find a way out of the present difficulties, and though I feel that the troubles from which we are suffering can be regarded more truly as the growing pains of a new order of things than the agony of a dying civilization, we have to be practical, and the only practical course is to avoid easy optimism and to be prepared for a continuance of present conditions for some time longer still. On the other hand, there are strong reasons for optimism as to the eventual outcome, India's power of resistance to the world depression has been extraordinary, and even more encouraging has been the strong commonsense of the Indian people in overcoming a fetish worship of gold and turning their gold reserves to profit when they were most needed. In this respect India has proved itself to be in advance of many countries which pride themselves on the modernity of their outlook. I am also convinced that when the tide turns, as turn it must, India's position is so inherently sound that she will be among the first to profit by it. Above all, we have the satisfaction of being able to present you with what is almost unique in the world today—an honestly balanced budget and one which looks like staying balanced. (Applause.)

NOMINATIONS FOR ELECTION TO THE STANDING COMMITTEE FOR ROADS.

THE HONOURABLE THE PRESIDENT: I have to announce that the following Honourable Members have been nominated for election to the Standing Committee for Roads :

The Honourable Diwan Bahadur G. Narayanaswami Chetti.

The Honourable Mr. Vinayak Vithal Kalikar.

The Honourable Sardar Buta Singh.

The Honourable Khan Bahadur Syed Abdul Hafeez.

The Honourable Rai Bahadur Promode Chandra Dutt.

The Honourable Mr. E. Miller.

The Honourable Mr. H. M. Mehta.

The Honourable Mr. Mahmood Suhrawardy.

The Honourable Mr. Satyendra Chandra Ghosh Maulik.

The Honourable Khan Bahadur Hafiz Muhammad Halim.

There are 10 candidates for three seats. I shall announce later on the date on which election will take place in respect of this Committee.

NOMINATIONS FOR ELECTION TO THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

THE HONOURABLE THE PRESIDENT: I have to announce that the following Honourable Members have been nominated for election to the Central Advisory Council for Railways :

The Honourable Khan Bahadur Syed Abdul Hafeez.

The Honourable Rai Bahadur Lala Jagdish Prasad.

[Mr. President.]

The Honourable Rai Bahadur Lala Mathura Prasad Mehrotra.

The Honourable Mr. Hossain Imam.

The Honourable Diwan Bahadur G. Narayanaswami Chetti.

The Honourable Mr. H. M. Mehta.

The Honourable Mr. Mahmood Suhrawardy.

The Honourable Raja Charanjit Singh.

The Honourable Mr. Satyendra Chandra Ghosh Maulik.

The Honourable Nawab Sahibzada Sir Syed Mohamad Mehr Shah.

There are 10 candidates for six seats. I shall announce later on the date on which election will take place.

STATEMENT OF BUSINESS.

THE HONOURABLE THE PRESIDENT: Is the Honourable the Leader of the House in a position to make a statement regarding the course of public business ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House): There will be no business, Sir, between now and Saturday next which as Honourable Members are aware has been fixed for the general discussion of the budget.

THE HONOURABLE THE PRESIDENT: Before I adjourn the Council, I wish to remind Honourable Members that a group photograph will be taken on the 4th March, 1933, at 10-45 A.M.

The Council then adjourned till Eleven of the Clock on Saturday, the 4th March, 1933.

COUNCIL OF STATE.

Saturday, 4th March, 1933.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

RELEASE OF MR. GANDHI.

66. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Will Government be pleased to state whether the Government of India or the British Government is standing in the way of the unconditional release of Mahatma Gandhi at this stage ?

THE HONOURABLE MR. M. G. HALLETT : The policy of His Majesty's Government and of the Government of India has frequently been enunciated. As recently stated by the Secretary of State, there can be no question of the release of Mr. Gandhi and other civil disobedience prisoners until Government have convincing reasons to believe that their release will not be followed by a revival of civil disobedience.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : May I know, Sir, if it is the impression of the Government that Mahatma Gandhi will make any statement against the civil disobedience movement for the sake of his release ?

THE HONOURABLE MR. M. G. HALLETT : I am afraid it is impossible to anticipate what Mahatma Gandhi will say in this matter.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Has he got liberty as a prisoner to make any statement on the political situation in India ?

THE HONOURABLE MR. M. G. HALLETT : He could certainly bring his views to the notice of the Government of India.

INVITATION OF MR. GANDHI TO THE JOINT PARLIAMENTARY COMMITTEE ON THE GOVERNMENT OF INDIA BILL.

67. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : 1. Is it the intention of Government to invite Mahatma Gandhi to the Joint Parliamentary Committee on the Government of India Bill ?

2. Has it been represented to Government that the majority of those who belong to non-Congress parties are of opinion that no reforms can be a success without the participation of the National Congress ? If so, what steps does Government propose to ensure participation of Mahatma Gandhi and his followers ?

THE HONOURABLE MR. M. G. HALLETT : 1. There can be no question of Mr. Gandhi attending the Joint Select Committee, so long as he is a State-prisoner.

2. The answer to the first part is in the negative. The second part does not arise.

SAVING EFFECTED BY THE AMALGAMATION OF THE APPOINTMENTS OF COMMISSIONERS OF INCOME-TAX, CENTRAL PROVINCES AND UNITED PROVINCES.

68. THE HONOURABLE MR. VINAYAK VITHAL KALIKAR : Will Government be pleased to state :

(a) The amount of saving effected by the amalgamation of the two posts of the Income-tax Commissioners of the Central Provinces and the United Provinces ?

(b) The expenditure incurred in the travelling and daily allowances of the present Income-tax Commissioners of the Central Provinces and the United Provinces during the year 1931-32 ?

THE HONOURABLE MR. J. B. TAYLOR : (a) A recurring annual saving of Rs. 26,000 is anticipated as a result of the amalgamation of the United Provinces and the Central Provinces Income-tax Commissioners' charges.

(b) There were two different Commissioners for the two provinces in 1931-32 and the expenditure on their travelling and daily allowances in that year was :

	Rs.	
Central Provinces	1,046	
United Provinces	3,572	of which half was debited to the "Opium Department" as the Commissioner was also working as the Opium Agent, Ghazipur, during the period.

CONVICTIONS UNDER THE CRIMINAL LAW AMENDMENT ACT IN DECEMBER, 1932 AND JANUARY, 1933.

69. THE HONOURABLE MR. VINAYAK VITHAL KALIKAR : Will Government be pleased to state the number of persons convicted in all the provinces under the Ordinance (Criminal Law Amendment) Act in the month of December, 1932 and January, 1933 ?

THE HONOURABLE MR. M. G. HALLETT : I understand that no action was taken under the Act during the month of December, 1932, as the Ordinance was then in force.

The figure for January, 1933, is 153.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Will Government be pleased to state the different nationalities of the prisoners convicted under the Criminal Law Amendment Act and their respective number, province by province ?

THE HONOURABLE MR. M. G. HALLETT : I have to ask for notice of that question, Sir.

TERRORIST PRISONERS -TRANSFERRED TO THE ANDAMANS AND THEIR TREATMENT.

70. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : (a) Will Government be pleased to state the total number of political prisoners removed to the Andamans, up-to-date, province by province ?

(b) How many of them have been transported for life ?

(c) Is it a fact that persons sentenced to five years' rigorous imprisonment have been transported to the Andamans ?

(d) Do Government keep any information about the condition of the health of political prisoners in the Andamans ? If so, will Government be pleased to make a statement on this ?

(e) What arrangements have been made for the board of the Bengali political prisoners there ?

(f) Have Government made any attempt to reproduce any Bengal conditions as regards diet, ways of living, etc., of the Bengali political prisoners in the Andamans ?

THE HONOURABLE MR. M. G. HALLETT : (a) and (b). The total number of prisoners connected with terrorist crime transferred to the Andamans is 100. I am unable to give any detailed information in regard to these prisoners.

(c) Yes.

(d) No, but I may state for the information of the Honourable Member that there are well equipped hospitals in the Andamans and an adequate medical staff.

(e) and (f). A certain number of Bengali cooks have been transferred to the Andamans to cook the food of the Bengali prisoners. As far as circumstances permit the prisoners will receive the diet and treatment admissible to the class in which they were placed in Bengal. I would observe that the persons sent to the Andamans are convicted prisoners who will serve their sentence as though in other jails in India.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Supplementary (c), Sir. What are their nationalities and number, province by province ?

THE HONOURABLE MR. M. G. HALLETT : The majority of them come from Bengal, Sir. I cannot give more information without notice.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Supplementary (b), Sir. How many for 14 years, how many for 12 years, how many for 10 years and how many for 5 years ? And what occupation do these long term prisoners pursue ?

THE HONOURABLE THE PRESIDENT : Order, order. The Honourable Member must not expect such questions to be answered on the spur of the moment. I think if the Honourable Member requires information on these points it is only fair that he should give notice to the Government Member.

TRANSFER OF WOMEN TERRORIST PRISONERS TO THE ANDAMANS.

71. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
1. How many lady political prisoners are there in the Andamans ?

2. Is it a fact that Miss Santi Ghose, Miss Suniti Choudhury and Miss Bina Das have been transported to the Andamans ?

3. Will Government be pleased to state what arrangements have been made for their medical treatment in case they fall ill ?

4. Will Government be pleased to make a statement regarding their present health ?

THE HONOURABLE MR. M. G. HALLETT : 1. None.

2. No.

3 and 4. I presume the Honourable Member's questions relate to arrangements for these prisoners if transported to the Andamans. If so, they do not arise.

HEALTH OF WOMEN TERRORIST PRISONERS IN THE ANDAMANS.

72. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
1. Is the health of the lady political prisoners in the Andamans examined occasionally ? If so, by whom ?

2. Will Government be pleased to state why lady doctors are not employed by them for examining the health of the lady prisoners in the Andamans ?

THE HONOURABLE MR. M. G. HALLETT : 1. The Honourable Member is under a misapprehension. There are no female prisoners connected with terrorist crime at present in the Andamans.

2. There is a lady assistant surgeon employed in the Andamans.

MEDICAL EXAMINATION OF WOMEN DETENUS IN JAILS.

73. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
By whom are the lady detenues in the Indian jails medically examined off and on ? If by male doctors, will Government be pleased to state why lady doctors have not been employed by Government ?

THE HONOURABLE MR. M. G. HALLETT : There are no women detenues at Deoli and none under Regulation III of 1818. I am making enquiries from the Government of Bengal whether any women are detained under the Bengal Criminal Law Amendment Act, and, if so, what medical arrangements are made, and will communicate the result to the House in due course.

COST OF THE MEERUT CONSPIRACY CASE.

74. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
1. Will Government be pleased to state the total cost of the Meerut Conspiracy Case ?

2. What amount has been spent for the fees and incidental expenses of the witnesses and what amount has been given to the Crown Prosecutors including District Court Pleaders, Advocates and Member of the English Bar ?

THE HONOURABLE MR. M. G. HALLETT : 1. Rs. 18,13,301 up to the 31st January, 1933.

2. Rs. 60,215 and Rs. 12,97,801-4-3 were paid to witnesses and Prosecuting Counsel, respectively.

CLASSIFICATION OF PRISONERS CONVICTED IN CONNECTION WITH THE MEERUT CONSPIRACY CASE.

75. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Is it a fact that the convicted persons have been placed in " C " class and is it also a fact that they have made a prayer to Government for being placed in higher classes ?

THE HONOURABLE MR. M. G. HALLETT : With your permission, Sir, I should like to answer questions Nos. 75 and 77 together.

The prisoners were recommended for " C " class by the trying Court but they have been placed in " B " class by the United Provinces Government with whom rests the final responsibility for determining the classification. No application has been received in this matter by the Government of India from Gopal Basak.

EUROPEAN UNIVERSITY DEGREES HELD BY ACCUSED IN THE MEERUT CONSPIRACY CASE.

76. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : 1. Are there any accused persons in the Meerut Case who are degree holders of the Universities of London and Cambridge ? If so, who are they ?

2. Is there any Doctor Adhikari, a Ph. D. of a European University ? What is he by nationality ? Is not he entitled to be placed in a higher class than what he is in now ?

THE HONOURABLE MR. M. G. HALLETT : 1. Mr. Philip Spratt is, I understand, a Bachelor of Arts of the Cambridge University. I have no information as to whether there are any others holding degrees of the Universities of London or Cambridge.

2. The answer to the first part is in the affirmative. Dr. Adhikari is an Indian. As regards the last part I would refer the Honourable Member to the reply given by me to his question No. 75.

CLASSIFICATION OF GOPAL CHANDRA BASAK, A PRISONER IN THE MEERUT CONSPIRACY CASE.

77. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : 1. Is it a fact that Mr. Gopal Chandra Basak, a son of the Proprietor of the Albert Library, Dacca, a Meerut Case prisoner has been placed in the " C " class ?

2. Have Government received any application from him for being placed in a higher class ? If so, what have they done on his application ?

(For reply to this question see reply to question No. 75.)

CONTRIBUTION BY PROVINCES TOWARDS THE COST OF THE MEERUT CONSPIRACY CASE.

78. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Have the provinces contributed any sum towards the expense of the Meerut Case ? If so, what are their respective quota ?

THE HONOURABLE MR. M. G. HALLETT: The United Provinces Government have borne a part of the expenditure on the case, amounting to Rs. 1,46,193. The rest has been met from Central revenues.

MAINTENANCE AND CONTROL OF OAKGROVE SCHOOL.

79. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH: 1. Will Government be pleased to state if the Oakgrove European School is maintained and controlled by the East Indian Railway?

2. Are the Indian schools on the Railway also maintained by the East Indian Railway?

3. Will Government be pleased to state separately the expenditure incurred by the East Indian Railway on the Oakgrove School and other European and Indian schools maintained by the said Railway during 1931-32?

THE HONOURABLE SIR GUTHRIE RUSSELL: 1. Oakgrove School is maintained by the East Indian Railway but controlled by a body of governors who are officers selected from the East Indian and North Western Railways.

2. The East Indian Railway maintain 29 Indian schools which are controlled by local committees of which the Divisional Superintendent is *ex-officio* President.

3. Rs. 1,62,847; Rs. 54,235 and Rs. 75,356.

INCLUSION OF OAKGROVE SCHOOL WITHIN THE SCOPE OF MR. SMITH'S ENQUIRY.

80. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH: 1. Will Government be pleased to state if the Oakgrove European School was included within the scope of Mr. Smith's enquiry regarding the cost of assistance to Railway employees for the education of their children? If not, why not?

2. Is it a fact that the Oakgrove School was included in the scope of the special enquiry conducted by Mr. Jones in 1927?

3. Is it a fact that according to Mr. Jones the Oakgrove European School was on the same footing as the other schools maintained and controlled by the East Indian Railway?

4. If so, why did Government treat the Oakgrove School differently this time and exclude it from the purview of Mr. Smith's enquiry?

5. Was the Oakgrove School excluded because it caters for the children of European and Anglo-Indian employees and the teachers are Anglo-Indians and Europeans?

THE HONOURABLE SIR GUTHRIE RUSSELL: 1. and 4. No, it was intended to deal with it separately.

2. Yes.

3. It is not quite clear what the Honourable Member means by the expression "on the same footing". If by these words the Honourable Member is referring to the control of the school, the answer is in the negative. Two State Railways are interested in the Oakgrove School, the East Indian and the North Western Railways, and as stated by Mr. Jones in his report, the Governing Body consists of officials of both Railways.

5. No.

NOTIFICATION TO EAST INDIAN RAILWAY SCHOOLS OF THE TERMS OF REFERENCE OF MR. SMITH'S ENQUIRY.

81. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH :

1. Was the scope of Mr. Smith's enquiry, specially clause 3 of the terms of reference, notified to the East Indian Railway schools either by the Agent or by Mr. Smith, Special Officer ? If so, will Government be pleased to lay on the table copies of the letter issued by each of them to the schools ?

2. Was the enquiry into the status of teachers in the East Indian Railway schools within the terms of reference of Mr. Smith's enquiry ? If so, under which clause does it come ?

3. Was the proposal about transference of Railway schools and the teachers therein who are Railway servants to the control of private committees or bodies an "improvement" within the meaning of clause 3 of the terms of reference ?

THE HONOURABLE SIR GUTHRIE RUSSELL : 1. Government have no precise information on this point, but presumably Mr. Smith in conducting his inspection of these schools, as he did inspect, would have brought to the notice of the school authorities what was the scope of his enquiry.

2. No specific mention was made in the terms of reference to Mr. Smith in regard to the status of teachers in the East Indian Railway schools. Mr. Smith, however, deals with this question in Chapter XIV of his report on the North Western, East Indian and Great Indian Peninsula Railway schools.

3. This is a matter of opinion.

INSTRUCTIONS TO MR. SMITH REGARDING THE STATUS OF EAST INDIAN RAILWAY SCHOOLS.

82. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH :

1. Was Mr. Smith specially instructed to review the decisions of the Government of India and Railway Board in their behalf and to see whether they were right ?

2. Do Government propose to go back upon their previous decisions and take away from these schools the status of Government schools ?

3. Is it a fact that this part of the enquiry was kept a secret from the teachers and the school committees ?

4. Is it a fact that Mr. Smith, Special Officer, while visiting the schools did not make any enquiry of or have any discussion with the teachers or the school committee on this subject ?

THE HONOURABLE SIR GUTHRIE RUSSELL : 1. No specific mention was made in the terms of reference to Mr. Smith in regard to this.

2. and 4. Government have not yet been able to finish their examination of Mr. Smith's report, and are therefore unable to give a reply to this question at present. The attention of the Honourable Member is invited to paragraph 86, page 158 of Mr. Smith's report on educational facilities on the North Western, East Indian and Great Indian Peninsula Railways.

3. Not that I am aware of.

DISCRIMINATION BY THE AGENT, EAST INDIAN RAILWAY, BETWEEN OAKGROVE SCHOOL AND SCHOOLS ON THE PLAINS.

83. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH :

1. Will Government be pleased to state the grounds on which the Agent of the East Indian Railway in his letter to the Railway Board referred to on page 153 of Mr. Smith's report makes a discrimination between the Oakgrove School and the other schools in the plains ?

2. Is it not a fact that Mr. Smith has found the Oakgrove School to be on the same footing as the schools in the plains ?

THE HONOURABLE SIR GUTHRIE RUSSELL : 1. The actual quotation from the letter of the Agent of the East Indian Railway which is contained in Mr. Smith's report is as follows :

" All the teachers of the Railway schools are regarded as employees of the Railway for purposes of the Provident Fund and Gratuity Rules. The staff at Oakgrove are for all practical purposes railway servants though they have no definite leave rules due to the fact that they have their annual school holidays. In other respects the teaching staff are not regarded as employees though they are allowed a certain number of passes ".

This is the statement of existing practice on the Railway.

2. No. Mr. Smith states that he sees no reason why Oakgrove School should not be regarded equally with the other East Indian Railway schools as under the management of a private Body of Governors, i.e., of railway servants in their unofficial capacity.

CONSTITUTION OF THE EAST INDIAN RAILWAY SCHOOLS COMMITTEE.

84. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH :

1. Is it a fact that the Committee of the East Indian Railway Schools in the plains are constituted according to Railway rules, that they exercise delegated functions and that their personnel and their decisions are subject to the confirmation and veto of the Secretary to Agent and Superintendent, East Indian Railway Schools ?

2. Is it a fact that the Secretary to Agent is the Superintendent of the East Indian Railway Schools and that the Divisional Superintendent is according to the rules the *ex-officio* President of all the schools in the division ?

THE HONOURABLE SIR GUTHRIE RUSSELL : 1 and 2. Yes.

RIGHT OF APPEAL OF TEACHERS IN EAST INDIAN RAILWAY SCHOOLS.

85. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH :

1. Is it a fact that teachers in the East Indian Railway schools have right of appeal to the Agent and to the Railway Board ?

2. Is it a fact that Mr. H. N. Sinha, discharged Head Master of Dinapur East Indian Railway High English Indian School, recently appealed to the Government of India ?

3. Is it a fact that his appeal was duly entertained by the Railway Board ?

THE HONOURABLE SIR GUTHRIE RUSSELL : 1. The teachers in the East Indian Railway schools have the right of appeal to the Agent, the authority next above the Secretary.

2. Yes.

3. Mr. Sinha's appeal was entertained by the Railway Board and orders were issued that he should be re-appointed in a next suitable vacancy. At the time his re-appointment was being considered it was discovered that he was over age and consequently he was not appointed.

ASSIMILATION OF SCALE OF SALARIES OF TEACHERS IN EAST INDIAN RAILWAY SCHOOLS WITH THAT OF TEACHERS IN PROVINCIAL GOVERNMENT SCHOOLS.

86. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH :

1. Is it a fact that the scale of salaries of the teachers in the East Indian Railway schools were under the orders of Government assimilated to that of teachers in the Provincial Government schools ?

2. Is it a fact that teachers in the East Indian Railway schools were under the order of the Agent subjected to the emergency salary cut like other employees of the Railway ?

3. Is it a fact that the names of teachers in the East Indian Railway schools are shewn in the East Indian Railway Classified List of Subordinate Staff of the corresponding grade ?

THE HONOURABLE SIR GUTHRIE RUSSELL : 1, 2 and 3. Yes.

DECISION ON SUBJECTS DEALT WITH IN MR. SMITH'S REPORT.

87. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH :

1. Have Government come to any decision on subjects dealt with in chapters xiv, xvi and xvii of Mr. Smith's report ?

2. Will Government consult the Central Advisory Council for Railways and the Assembly before giving effect to their decisions ?

THE HONOURABLE SIR GUTHRIE RUSSELL : 1. No.

2. The matter will be placed before the Central Advisory Council for Railways but Government are unable at present to say whether they will consult the Legislative Assembly before any decisions are arrived at.

MEMBERS OF THE COUNCIL OF STATE WHO WERE INVITED TO THE ROUND TABLE CONFERENCES.

88. THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD : Will Government kindly state the names of Members of the Council of State who were invited to the last three sessions of the Round Table Conference respectively ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : A statement giving the names of gentlemen who were Members of the Council of State when invited to sessions of the Round Table Conference is laid on the table.

1st Round Table Conference . . .	1. The Honourable Sir Phiroze Sethna.
	1. The Honourable Sir Maneckji Dadabhoy, K.C.I.E., Kt.
2nd Round Table Conference . . .	2. The Honourable Nawab Sahibzada Sir Sayad Mohamad Mehr Shah.
	3. The Honourable Saiyed Mohamed Padshah Sahib Bahadur.
3rd Round Table Conference . . .	4. The Honourable Sir Phiroze Sethna.
	Nil.

REPRESENTATION OF MUSLIMS IN SERVICES UNDER THE CONTROL OF THE GOVERNMENT OF INDIA.

89. THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ : (a) Will Government please state the number of Muslims appointed during the years 1931 and 1932 in all departments under the Government of India ?

(b) Is it a fact that the Muslim quota in the Government services is still in a hopeless minority ?

(c) Has Government done anything as yet to give Muslims their due share in Government services with due regard to the minimum qualification for such services ?

THE HONOURABLE MR. M. G. HALLETT : (a) Eighteen Muslims were appointed in 1931 to the clerical staff of the departments of the Government of India and their attached and subordinate offices located at headquarters. The total number of appointments made this year was 82. Similar figures for 1932 are not available at present. They will be furnished to the Honourable Member in due course.

(b) and (c). As explained in the Home Department Office Memorandum No. F.-176/25-Establishments, dated the 5th February, 1926, a copy of which is available in the Library, the policy of the Government of India is to prevent the preponderance of any one class or community in the public service. Instructions were also issued in 1930 for the recognition of the position of Muslims as the most important of the minority communities in the application of this policy. The percentage of Muslims in the Secretariat proper and attached and subordinate offices at headquarters and elsewhere has increased from 15.2 and 8.5 in 1926 to 18.4 and 14.6, respectively. The question whether the orders issued so far require modification is under consideration.

REPRESENTATION OF MUSLIMS ON THE RAILWAYS.

90. THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ : (a) Is it a fact that Muslim representation in Railway services throughout India is much lower in percentage than that of the other communities ?

(b) Has any effort been made by Government to find employment for Muslims in that Department ? If not, why not ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a) The percentage of Muslims is lower than that of Hindus, but higher than that of other communities. The figures as on 31st March, 1932, are :

	Per cent.
Hindus	71.2
Muslims	21.6
Anglo-Indians	1.9
Europeans	0.6
Other classes	4.7

(b) My Honourable friend is aware of the policy of Government which is to reserve $33\frac{1}{3}$ per cent. of the vacancies for the redress of marked communal inequalities so far as superior and the subordinate staff is concerned. The recommendations in Mr. Hassan's report are now under consideration of Government.

COMMUNAL REPRESENTATION IN THE DIFFERENT DEPARTMENTS OF THE EASTERN BENGAL RAILWAY.

91. THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ : Will Government kindly inform the House of the number of Muslims in each Department in the Eastern Bengal Railway and the number of other communities showing their number department by department ?

THE HONOURABLE SIR GUTHRIE RUSSELL : The latest information available with Government on this subject will be found in chapter iii, paragraphs 164—173 of Mr. Hassan's report on the representation of Muslims and other minority communities in the subordinate railway services, a copy of which has already been supplied to the Honourable Member and is in the Library of the House.

APPOINTMENT OF MUSLIM JUDGES IN THE CALCUTTA HIGH COURT.

92. THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ : (a) Have Government received representations regarding the feelings of the Muslim community of Bengal with regard to the appointment of Muslim Judges in the Calcutta High Court ?

(b) Will Government please state whether at the time of appointment of non-Muslims to that Court no qualified Muslims were available ?

(c) Whether Government tried to obtain qualified Muslims from other provinces ?

(d) Is it not a fact that a Bengal Muslim was appointed to the Madras High Court ?

(e) Will Government kindly state whether they have taken any action in pursuance of my last question in the House on this matter ?

THE HONOURABLE MR. M. G. HALLETT : (a) Some Muslim Members of the Indian Legislature approached Sir James Crerar in 1930 in regard to this matter.

(b) As I stated in reply to the Honourable Member's previous question in this House on the 12th December, 1932, the claims of Muslim candidates receive due consideration along with those of other communities with due regard to the provisions of sub-section (4) of section 101 of the Government of India Act. These appointments are not filled on a communal basis.

(c) No.

(d) Yes.

(e) No permanent vacancy has occurred since the Honourable Member's previous question.

ACTION TAKEN ON THE REPORT OF THE POSTS AND TELEGRAPHS ACCOUNTS ENQUIRY COMMITTEE.

93. THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI : (a) Will Government be pleased to state whether the recommendations of the Posts and Telegraphs Accounts Enquiry Committee of 1931 have been accepted by Government and put into effect and, if so, to what extent has the profit and loss account of the Posts and Telegraphs Department been affected ?

(b) Has the recommendation of the Committee that separate revenue stamps should be introduced as a temporary measure for two or three years for the purpose of securing a proper basis for determining the amount payable to Local Governments and Administrations as their share of the revenue from unified stamps been carried out? If not, why not?

(c) Has the recommendation of the Committee for the stoppage of the grant of service stamps to the Native States or allocation of the cost thereof to any other department of the Government been given effect to? If not, why not?

(d) Has the investigation of the items mentioned in Appendix I of the Committee's report been carried out? If so, will Government furnish a list of the items which have so far been investigated, with the savings in expenditure effected under each item?

THE HONOURABLE MR. J. A. SHILLIDY : (a) The Government of India have accepted all the principal recommendations of the Committee with the exception of the four referred to in paragraphs 71, 74, 86, 124 and 132 of its report, which they have adopted in a somewhat modified form. The net effect of the recommendations as accepted by Government has been to reduce the loss on the working of the department during 1931-32 by about Rs. 14 lakhs.

(b) It has been decided to abolish unified stamps and re-introduce separate stamps for revenue purposes with effect from the 1st April, 1934.

(c) The Committee made no such recommendation.

(d) Appendix I of the Report of the Posts and Telegraphs Accounts Enquiry Committee relates to the fixation of the lives and residual values of assets. No investigation of the items therein was recommended by the Committee.

SANCTIONED STRENGTH OF THE MADRAS GENERAL POST OFFICE SORTING OFFICE.

94. THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI : (a) Will Government be pleased to state the sanctioned strength of the clerical staff of the Madras General Post Office Sorting Office including officials in the selection grade?

(b) How many officials are on leave on average pay?

(c) How many clerks (including those in the selection grade) and reserve clerks are actually working at present?

(d) Is it a fact that some of the appointments are kept vacant and, if so, how many?

(e) Is it a fact that leave on average pay has been refused to a large number of officials?

(f) How many applications for leave are pending for over a year, over six months and over three months?

(g) Is it a fact that owing to over-work a large number of officials fall ill and proceed on leave on medical certificate?

(h) Do Government propose to fill the vacant posts at an early date?

THE HONOURABLE MR. J. A. SHILLIDY : Information has been called for and a reply will be placed on the table in due course.

REMOVAL OF THE MADRAS GENERAL POST OFFICE SORTING OFFICE TO THE MADRAS GENERAL POST OFFICE BUILDING.

95. THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI : (a) Will Government be pleased to state whether they have seen the article " Economy on the wrong side " published in the General Letter of the All-India Postal and Railway Mail Service Union, Madras Circle, for December, 1932, and, if so, how does the question of removal of the Madras General Post Office Sorting Office to the Madras General Post Office buildings stand now?

(b) Has the Director of Public Health, Madras, been consulted as to the suitability of locating the General Post Office Sorting Office on the ground floor of the Madras General Post Office buildings? If not, why not?

(c) Is it a fact that the site known as " Taylors Yard " in Mount Road was purchased in the year 1915 for Rs. 1,31,614 for a building for the accommodation of the Madras General Post Office and other executive and administrative offices?

(d) Is it a fact that the said site has been let out to the Madras City Mail contractors at a nominal rent of Rs. 219 per mensem which does not work out to two per cent. interest on the heavy capital invested?

(e) When does the lease of the site to the contractor terminate?

(f) Is it a fact that many of the departments in the Madras General Post Office are very congested?

(g) Have Government considered putting up a big building for the Madras General Post Office in the site purchased at Taylors Yard and removing thereto many of the offices including the Madras General Post Office Sorting Office? If not, why not?

THE HONOURABLE MR. J. A. SHILLIDY : (a) Government have seen the article referred to. The question is still under consideration.

(b) No occasion has arisen for reference to the health authorities.

(c) Yes, but a portion of the site was subsequently sold to the Madras Corporation.

(d) A portion of the remaining site has been let to the Madras City Mail contractors at Rs. 219 per mensem as assessed by the Public Works Department.

(e) The 12th November, 1933.

(f) No.

(g) The Government of India do not propose to erect a big building for the General Post Office, Madras, until they are convinced that this project should no longer be postponed and funds can be made available.

CONVERSION OF THYAGAROYANAGAR FROM A NO-DELIVERY TO A DELIVERY POST OFFICE.

96. THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI : (a) Will Government be pleased to state whether they have received any representation from the citizens of Thyagaroyanagar in Madras City for the conversion of Thyagaroyanagar no-delivery office to a delivery post office?

(b) Is it a fact that the new town extension of Thyagaroyanagar is fast growing in population and importance?

(c) Is it a fact that Teynampet post office was until recently a no-delivery post office ?

(d) Why was it converted to a delivery post office ?

(e) Do Government propose to convert Thyagaroyanagar post office into a delivery office ?

THE HONOURABLE MR. J. A. SHILLIDY : (a) No.

(b) Government have no information.

(c) to (e). The matter is within the competence of the head of the postal circle concerned to whom a copy of the question is being sent.

REPRESENTATION OF INDIA AT THE WORLD ECONOMIC CONFERENCE.

*97. THE HONOURABLE SIR PHIROZE SETHNA : (a) Will Government be pleased to state the probable date when the World Economic Conference is likely to be held ?

(b) Have the Government of India been invited by His Majesty's Government to send representatives to that Conference ; if the reply is in the affirmative, what steps do they propose to take to secure the personnel of the delegation ; if the reply is in the negative, have they communicated with His Majesty's Government with a view to secure representation on behalf of India at the Conference ?

(c) Have Government received the Agenda for the Conference ; if they have, do they propose to circulate the same to all the leading Chambers of Commerce and Commercial Associations to enable them to formulate their views on the different questions on the Agenda in time to instruct India's representatives before they leave to attend the Conference ?

THE HONOURABLE MR. J. C. B. DRAKE : (a) The Government of India understand that no date has yet been fixed.

(b) No invitation has so far been received, but it is expected that India will be invited in due course to send representatives to the Conference.

(c) The Government of India have received the draft annotated agenda prepared by the Preparatory Commission of Experts, but have not so far heard whether this draft has been accepted as the formal agenda for the Conference, and the question of what action will be taken upon it cannot, therefore, yet be decided. I may add that the draft was published in the London Press at the end of January.

APPOINTMENT OF AN INDIAN TRADE COMMISSIONER AT MILAN.

*98. THE HONOURABLE SIR PHIROZE SETHNA : (a) Will Government be pleased to state whether they have by now appointed an Indian Trade Commissioner at Milan or not ?

(b) Have they received representations regarding the feeling prevailing in the Indian commercial community that there should be Indian Trade Commissioners in all the principal countries and that the proposal adopted some time back by Government regarding the appointment of six Trade Commissioners should not have been dropped ?

(c) If they have not yet appointed an Indian Trade Commissioner at Milan, when are they likely to do so ?

THE HONOURABLE MR. J. C. B. DRAKE : (a) Not yet.

(b) No, Sir. One representation was received in 1931 and one in 1932 from East Africa with regard to the appointment of a Trade Commissioner there.

(c) So long as the present financial stringency continues it is not possible to say when the appointment of an Indian Trade Commissioner at Milan will be made.

INTENTIONS OF GOVERNMENT WITH REGARD TO THE RESERVE BANK.

99. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA (on behalf of the Honourable Sir Phiroze Sethna): (a) Will Government be pleased to announce their intentions regarding the Reserve Bank ?

(b) Is it a fact that a Bill with regard to the Reserve Bank is already in course of preparation and is likely to be placed before the Legislature at the Simla session ?

(c) Have Government received representations to the effect that such a Bill should not be placed before the present Legislature but should be placed before the Legislature under the new constitution ?

THE HONOURABLE MR. J. B. TAYLOR : (a) and (b). The intentions of Government regarding the reserve bank will be announced in due course.

(c) Yes, one.

**HINDUS AND MUSLIMS IN THE OFFICE OF THE ACCOUNTANT GENERAL,
CENTRAL REVENUES.**

100. THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ : (a) Will Government please inform the House of the number of employees—Hindus and Muslims separately—in the Office of the Accountant General, Central Revenues, including his Calcutta office ?

(b) Is it a fact that out of 400 employees in the Calcutta office only about 12 are Muslims ? If so, what steps are being taken by Government to fill up the deficit of the Muslim appointments ?

**HINDUS AND MUSLIMS IN THE OFFICE OF THE ACCOUNTANT GENERAL, POSTS
AND TELEGRAPHS, ETC.**

101. THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ : Will Government please state separately the number of Hindu and Muslim employees of the following departments under the Government of India : Accountant General, Posts and Telegraphs, Director General, Posts and Telegraphs, Post Master General, Controller of Stationery, Printing and Stamps, Controller of Military Accounts, Commander, Royal Engineers, Collectors of Customs, Manager, Government Printing, India, and Controller of Statistics ?

THE HONOURABLE MR. J. B. TAYLOR : With your permission, Sir, I will deal with questions Nos. 100 and 101 together.

The attention of the Honourable Member is invited to the statements showing the communal strength of the clerical staff of the civil offices of the Central Government which are prepared annually and are in the Library of the House. Information regarding the staffs of the offices of the Commanding.

Royal Engineers, and those of Controllers of Military Accounts is not immediately available. With reference to part (b) of question No. 100 I may add that the orders of Government regarding the redress of communal inequalities are strictly followed when making permanent appointments.

EXAMINERS OF ACCOUNTS, INCOME-TAX DEPARTMENT.

102. THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ : Will Government please state why candidates other than Bachelors of Commerce are being taken as Examiners of Accounts in the Income-tax Department superseding the claims of Bachelors of Commerce ?

THE HONOURABLE MR. J. B. TAYLOR : Candidates with the best all-round qualifications are wanted, and Bachelors of Commerce are not the only persons who are selected for such posts.

HINDU AND MUSLIM STATION MASTERS, ETC., ON THE EAST INDIAN AND EASTERN BENGAL RAILWAYS.

103. THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ :
(a) Will Government be pleased to furnish the figures of the station masters, assistant station masters, ministerial officers, travelling ticket examiners and travelling ticket checkers on the East Indian Railway and Eastern Bengal Railway, showing the number of Hindus and Muslims separately?

(b) Will Government please state the total number of appointments made during the last five years and the number of Hindus and Muslims separately ?

(c) Will Government be pleased to state whether the required number of Muslims were taken in ? If not, why ?

THE HONOURABLE SIR GUTHRIE RUSSELL : Government regret that they are unable to supplement the information about the communal composition of staff that is furnished in the annual Administration Reports of Indian Railways with figures of the communal composition of individual offices or classes of staff.

HINDUS AND MUSLIMS IN THE IMPERIAL BANK OF INDIA.

104. THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ :
(a) Will Government please give statistics of the employees in the Imperial Bank of India for Hindus and Muslims separately ?

(b) Is it a fact that the Muslims in the Bank are fewer than the representatives of other communities ? If so, why were more Muslims not taken ?

THE HONOURABLE MR. J. B. TAYLOR : (a) and (b). Government have no information.

INCOME-TAX OFFICERS IN BENGAL.

105. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
(a) Will Government be pleased to state the number of Income-tax Officers and Additional and Assistant Income-tax Officers in Bengal ?

(b) What is the allotment to the minority communities in the matter of their representation in the Income-tax services ?

(c) How many Muhammadan Income-tax Officers, Additional and Assistant Income-tax Officers are there in the Income-tax Department in Bengal ? How many of them are at present stationed in Calcutta ?

(d) Will Government be pleased to state the names of the Income-tax Officers now in charge of the different Calcutta districts together with the numbers of years they have continually been in charge of districts in Calcutta since their last posting to Calcutta ?

COMMUNAL COMPOSITION OF THE STAFF OF ASSISTANT COMMISSIONERS OF INCOME-TAX, EXAMINERS OF ACCOUNTS AND ASSESSORS IN BENGAL.

106. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : What is the communal composition of the staff of Assistant Commissioners in Bengal as also of the Examiners of Accounts and the Assessors ?

SELECTION OF INCOME-TAX OFFICERS FOR CALCUTTA DISTRICTS.

107. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : (a) Is it a fact that the work in most of the Calcutta districts is considerably more important and complicated than that in the mufasil districts of Bengal ? If so, will Government be pleased to state if any special care is taken in the matter of the selection of officers for the districts in Calcutta ?

(b) What is generally the basis for the selection of officers for the Calcutta districts ?

(c) Is any regard paid to the capacity of the officers in selecting them for charge of the different districts in Calcutta ?

IMPORTANT NATURE OF THE WORK OF INCOME-TAX OFFICERS IN CALCUTTA DISTRICTS.

108. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Is it a fact that the work in some of the districts in Calcutta is of such a nature and importance as to call for some special knowledge and training on the part of the officers in charge of these districts ? If so, what are these districts ?

Do the officers in charge of these districts possess the requisite qualifications and experience ?

QUALIFICATIONS OF INCOME-TAX OFFICERS IN CALCUTTA DISTRICTS.

109. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Will Government be pleased to state briefly the special qualifications, if any, and the suitability of the officers now in charge of all the different Calcutta districts for their selection for the same ?

HEAVY WORK FOR INCOME-TAX OFFICERS IN BENGAL.

110. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : (a) Is it a fact that the Income-tax Officers in Bengal, more specially in Calcutta, are under-staffed and that the officers have in consequence very often to work till late hours and on holidays ?

(b) Is it a fact that due to this continuous strain and overwork the health of a good many officers has broken down and that the death rate amongst the officers has also gone up considerably ?

(c) Is it also a fact that in view of the officers having to work till late hours the assesseses, the majority of whom have to secure the help of lawyers and firms of accountants to represent their case properly are not only put to a lot of inconvenience and difficulty but to considerable expense also ?

THE HONOURABLE MR. J. B. TAYLOR : With your permission, Sir, I will deal with questions Nos. 105—110 together. I have called for reports and will furnish the required information to the Honourable Member in due course.

GUARDS ON THE EASTERN BENGAL RAILWAY.

111. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : 1. Will Government be pleased to state the strength of "A" and "B" class guards on the Eastern Bengal Railway ?

2. Will Government be pleased to state if "A" and "B" class guards on the Eastern Bengal Railway are working trains in turn ?

3. Will Government be pleased to state the pay and allowances of "A" and "B" guards on the Eastern Bengal Railway ?

THE HONOURABLE SIR GUTHRIE RUSSELL : I have called for information and will lay a reply on the table in due course.

NEW TYPE OF LOCOMOTIVES PURCHASED BY THE EAST INDIAN RAILWAY.

112. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : Will Government be pleased to state if any new type powerful and fast locomotives have recently been purchased by the East Indian Railway ? If so, the number of them and for what work they are employed ?

THE HONOURABLE SIR GUTHRIE RUSSELL : During 1930-31 6 XG and 28 XE type engines were received on the East Indian Railway. During 1931-32 10 new XB class engines were put into service. Since then no new motive power has been purchased for the East Indian Railway. These types are all Indian Railway Standard designs. The XB and XG engines are employed on main line fast passenger services and the XE class engines are at work on heavy goods traffic.

RELAYING OF RAIL LINES IN THE B. A. K. SECTION OF THE EAST INDIAN RAILWAY.

113. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : Will Government be pleased to state after how many years the rails require to be relaid ? Is it a fact that the rail line in the B. A. K. section of the East Indian Railway has not been properly looked after and relaid for a long time ? Is it a fact that in consequence the service in this section cannot be speeded up ?

THE HONOURABLE SIR GUTHRIE RUSSELL : The normal life of new rails has been fixed at 50 years for the purpose of the Depreciation Fund, but the period after which rails require to be relaid varies as it usually depends on other factors besides deterioration of the rails.

It is not clear to which section of the East Indian Railway the Honourable Member is referring, but I shall be glad to look into the matter if he will give me more definite information.

PLATFORMS AT KHAGRAGHAT ROAD STATION, EAST INDIAN RAILWAY.

114. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : Will Government be pleased to state if it is a fact that 55-Up and 56-Down of B. A. K. section of the East Indian Railway meet at Khagrachhat Road Station? Is it a fact that Khagrachhat Road Station has got no up and down platforms? Have representations been received that in consequence the passengers, specially women and children, find great inconvenience to entrain and detrain from 55-Up? Have Government considered the desirability of erecting an up platform at the above station or in the alternative shifting the meeting place of these two trains to some other station which has both up and down platforms?

THE HONOURABLE SIR GUTHRIE RUSSELL : The current time table of the East Indian Railway shows that No. 55-Up and No. 118-Down (not 56-Down) meet at Khagrachhat Road. Government have no information on the other points and cannot take any part in the preparation of time tables. A copy of the Honourable Member's question is, however, being sent to the Agent, East Indian Railway, for such action as may be considered practicable to remove the inconvenience complained of.

COMMUNAL COMPOSITION OF THE STAFF OF THE CENTRAL PUBLIC WORKS DEPARTMENT, NEW DELHI.

115. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : 1. Will Government kindly state the respective number of Muslim, Hindu, Sikh and Christian engineers, subordinates, draftsmen, and clerks serving in the Central Public Works Department, New Delhi, on 1st January, 1931, with the percentage to the total in each case?

2. Will Government kindly state the number of Muslim, Hindu, Sikh and Christian engineers, subordinates, draftsmen and clerks retrenched during the present retrenchment campaign, i.e., from 1st January, 1931 to the present time with percentage to the total in each case?

3. Will Government kindly state the present respective number of Muslim, Hindu, Sikh and Christian engineers, subordinates, draftsmen and clerks serving in the Central Public Works Department, New Delhi, with percentage to the total in each case?

THE HONOURABLE MR. J. A. SHILLIDY : I lay on the table of the House a statement containing the information asked for by the Honourable Member.

Community.	Engineers.		Subordinates.		Clerks.		Draftsmen.	
	Num-ber.	Per-cent- age.	Num-ber.	Per-cent- age.	Num-ber.	Per-cent- age.	Num-ber.	Per-cent- age.
(1) Members of different communities serving in the Central Public Works Department on the 1st January, 1931—								
Christians	11	44	7	6	6	3	1	1
Hindus	7	28	67	52	142	67	35	39
Sikhs	4	16	21	17	2	1	4	4
Muslims	3	12	32	25	56	26	48	53
Other communities . . . . .	..	..	..	..	6	3	3	3
Total	25		127		212		91	
(2) Members of different communities retrenched from the Central Public Works Department from the 1st January, 1931, to date—								
Christians	1	100	2	7	..	..	..	..
Hindus . . . . .	..	..	12	40	15	71	18	43
Sikhs . . . . .	..	..	7	23	..	..	2	5
Muslims . . . . .	..	..	9	30	6	29	22	52
Total	1		30		21		42	

N.B.—The figures given exclude the number of persons reverted to their provinces or transferred to the New Delhi Municipal Committee and Civil Administration along with Health and Sanitation and Electrical activities.

(3) Members of different communities at present employed in the Central Public Works Department—

Christians	8	50	4	5	9	4	1	3
Hindus	3	19	45	54	137	68	16	40
Sikhs	3	19	13	16	1	1	2	5
Muslims	2	12	21	25	50	25	19	49
Other communities . . . . .	..	..	..	..	5	2	1	3
Total	16		83*		202		39	

N.B.—The figures given exclude the staff recently transferred to the Central Public Works Department from Central India and Rajputana.

* Including five horticultural subordinates.

**PERMANENT CADRE OF THE CENTRAL PUBLIC WORKS DEPARTMENT,
NEW DELHI.**

116. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : (a) Has the permanent cadre of the Central Public Works Department, New Delhi, been prepared and sent to the Government of India for approval ?

(b) If the answer is in the affirmative, will Government be pleased to lay a copy of it on the table ?

(c) If the reply is in the negative, will Government be pleased to state when it is going to be prepared ?

THE HONOURABLE MR. J. A. SHILLIDY : (a) Certain proposals in regard to the formation of a permanent cadre for the Central Public Works Department have been received and are under examination.

(b) As the proposals have not yet been fully examined, it will serve no useful purpose to lay them on the table.

(c) Does not arise.

**CONFIRMATION OF UNQUALIFIED ENGINEERS AND SUBORDINATES IN THE
CENTRAL PUBLIC WORKS DEPARTMENT, NEW DELHI.**

117. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : With reference to reply to question No. 81 asked in the Council of State on 29th February, 1928, will Government kindly state whether the Central Public Works Department, New Delhi, has again proposed to make permanent the unqualified engineers and subordinates serving in the Central Public Works Department, New Delhi, i.e., the engineers and subordinates who have not passed the examinations prescribed for them from the colleges and schools recognised by the Government of India or British Government ?

THE HONOURABLE MR. J. A. SHILLIDY : The number of posts of various classes to be retained permanently in the Central Public Works Department is under consideration at present and the confirmation of any of the present staff against those posts has not yet been taken up. I may however point out that except in the case of gazetted appointments the Chief Engineer has full powers to select and appoint candidates to posts under him.

**RETRENCHMENT OF QUALIFIED ENGINEERS AND SUBORDINATES IN THE CENTRAL
PUBLIC WORKS DEPARTMENT, NEW DELHI.**

118. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : Will Government kindly state the following :

(a) What is the number of qualified engineers and subordinates retrenched during the period reckoning from the 1st January, 1931, to the present date ?

(b) What is the present respective number of qualified and unqualified engineers and subordinates serving in the Central Public Works Department, New Delhi ?

THE HONOURABLE MR. J. A. SHILLIDY : (a) One engineer and 30 subordinates.

(b) Sixteen engineers and 78 subordinates are at present employed in the Central Public Works Department. All of them are qualified to hold their respective posts.

CIVIL SUITS FILED AGAINST THE CENTRAL PUBLIC WORKS DEPARTMENT,
NEW DELHI, BY GOVERNMENT SERVANTS.

119. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Is it a fact that civil suits have been filed against the Central Public Works Department, New Delhi, by Government servants? If so, how many are they in number and what is the total amount of the claims?

THE HONOURABLE MR. J. A. SHILLIDY: I presume that the Honourable Member refers to pending suits. Two such suits of the aggregate value of Rs. 2,80,000 have been filed against the Secretary of State by two retrenched subordinate officials of the Central Public Works Department.

MOTION FOR THE ELECTION OF FOUR NON-OFFICIAL MEMBERS
TO THE STANDING COMMITTEE ON EMIGRATION.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN
(Education, Health and Lands Member): Sir, I move:

"That this Council do proceed to elect, in such manner as the Honourable the President may direct, four non-official Members to sit on the Standing Committee on Emigration."

The motion was adopted.

MOTION FOR THE ELECTION OF TWO NON-OFFICIAL MEMBERS
TO THE STANDING COMMITTEE TO ADVISE ON SUBJECTS,
OTHER THAN "INDIANS OVERSEAS—EMIGRATION" AND
"HAJ PILGRIMAGE" DEALT WITH IN THE DEPARTMENT OF
EDUCATION, HEALTH AND LANDS.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN
(Education, Health and Lands Member): Sir, I move:

"That this Council do proceed to elect, in such manner as the Honourable the President may direct, two non-official Members to serve on the Standing Committee to advise on subjects, other than 'Indians Overseas—Emigration' and 'Haj Pilgrimage,' dealt with in the Department of Education, Health and Lands."

The motion was adopted.

GENERAL DISCUSSION OF THE GENERAL BUDGET.

THE HONOURABLE THE PRESIDENT: Before we proceed with the General Discussion on the Budget, Part II, I have to convey to the House the message of regret which I have received from the Finance Member intimating his great disappointment in not being able to be present this morning here in order to listen to the debate. He is extremely sorry that more urgent work

has prevented him from attending, but he will endeavour his best to be in his seat between 12 Noon and 1 O'Clock. He has asked me also to assure Honourable Members that this does not mean any discourtesy on his part, because he has always held the debates in this House and the Members in the highest esteem.

The debate will now proceed. I do not propose to fix any time limit. I will leave the question of the expenditure of time to the good sense and judgment of Honourable Members.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I cannot congratulate the Honourable the Finance Member and the Finance Department on the Budget that they have presented this year. To me, Sir, it seems that it is the first year in the history of Indian finance that we have had an unfavourable balance of trade and notwithstanding this unfavourable balance of trade we have seen that the Budget has been balanced. We are all for balancing the Budget, but we differ in regard to the way in which such balancing is done. Instead of any decrease in taxation we find that there has been an increase and the increase which has been made I do not think will bring about the result for which the extra taxation has been levied. For instance, I may refer to the increased duty on the import of artificial silk goods. The duty has been raised from 17 pies to 27 pies. It looks like a good addition, but the fact is that the Japanese exchange has gone down so low as to nullify the good effect of this extra taxation. My wish is, Sir, that whenever any protection is given to any commodity the protection must work in a manner in which it might be elastic and be increased or decreased according to the situation. The principle of protection should always really work. Why and how the Budget has been balanced is due mostly to the policy of linking the rupee to sterling and by the enormous export of gold. From what I understand, as soon as the sterling went off the gold the Government of India then decided to link the rupee to gold and after only a few days of their decision the Secretary of State intervened and probably, as he liked British interests to be first protected than Indian interests, upset the decision of the Government of India, with the result that since then rupee has been linked to sterling. Although our balance of trade is adverse we have practically met the cost of imports by capital, i.e., by the export of gold. The Honourable Mr. Taylor while speaking in this House on the day he presented the Budget observed that it was in the interests of India that the enormous export of gold had taken place. I beg to differ from him on this point and I say, Sir, that the export of gold was made under distress and that the national or the potential reserve of the masses has been forced to be sold to meet their daily domestic requirements. The country has become poorer by that and the Honourable the Finance Secretary has not been able to tell us where that amount of 107 crores thus realised has gone. From the figures that are published by the Government we find that there has not been any appreciable increase either in the amount of currency notes issued nor in the silver rupees that were in circulation.

Then, Sir, we find that the military expenditure has not been brought to the pre-war level. No justification has been made to prove the necessity for meeting this enormously heavy expenditure. We wish, Sir, that Government should go back to the pre-war level of army expenditure. In the present state of depression and in the present state of economic distress, we must cut our coat according to our cloth. The saving which has been effected by the Military Department is very meagre and Government should see that a substantial reduction is made in the army expenditure, otherwise,

[Rai Bahadur Lala Ram Saran Das.]

the public will be quite justified in saying that Government is most extravagant in that department. The percentage of our army expenditure to our income is unparalleled. From the figures which I have studied I find that no country in the world bears such a big expenditure on the army as compared to their income.

Sir, in 1931, when the Honourable the Finance Member introduced the Emergency Bill he made a statement that emergency measures are being taken simply for the sake of emergency and that when the time for giving relief came relief will be given equally to the services and to the taxpayer. I am sorry to observe that that pledge of the Honourable the Finance Member has not been fulfilled. The partial restoration of the cut in the salaries of services has not at all been justified. It was not fair for the Government to back out from the promise that they openly gave in both Houses of the Legislature. The question of the restoration of the cut in salaries, as far as rumour goes, has been done at the dictation of the Secretary of State. Of course we people are not in possession of the real facts, but we have to go by inferences and from the way in which the Government of India is being dictated to by the Secretary of State. We have every reason to believe that our version is correct. We expected that in view of these abnormal times Government will hurry up their decision as regards salaries and allowances of the future entrants to the superior services of India, which is being delayed and delayed and being shelved. When even in these bad times Government does not hurry up with this scheme I do not know when it will do it. As I have already told the House the salaries and allowances which India pays for its superior services are the highest in the world.

Sir, no serious consideration has been really given to the protection of many important industries of India. We expected that in the Budget speech the Finance Department would give some indication as to how they were going to deal with this vital question. It is most essential for the Government of India to safeguard its indigenous industries and the policy which the Government of India is at present pursuing is bound to bring many industries to disaster. Therefore, Sir, the Government of India should soon come to a decision on this matter and take immediate steps in this direction, as other British Dominions have done. Unemployment is increasing and no remedy has been found for the unemployed. The industries were able to employ a good number of people but the indifferent policy of the Government of India is letting many industries shut down and is thereby throwing labour out of employment. We see in the papers that thousands and thousands of people are being thrown out of employment owing to the adversity of the times and owing to the indifferent policy of the Government in regard to the protection of industries. Goods are being dumped from foreign countries and no steps are being taken to stop them. And no indication has been given of any policy in that connection either in the speech of the Finance Member or the Finance Secretary. For the industries we require all sorts of reasonable assistance from Government. We were expecting that industrial banks would be formed with the assistance of the Government so that the industries might thrive by their being cheaply financed by those banks.

Sir, we thought that Government would see its way to impose an export duty on gold. It is admitted by the Finance Department themselves that the people sold gold at very high and profitable prices which they never expected. Their not putting on any duty on the export of gold I think has been a wilful blunder. It is, however, a matter of gratification to find that

the Honourable Finance Member with the concurrence of the Government of India has been able to convert the Indian loans to a cheaper rate of interest. Our congratulations are due to the Finance Department and the Government on that point. But, Sir, I should like to ask why such conversion has not been made in the Indian sterling securities. I hope the Government will be equally zealous as regards those securities and will see that they are also converted. When British authorities themselves have been successful in their reduction of interest in their sterling securities, Sir, the Government would be equally successful in getting the cheaper rate of interest by conversion of the Indian sterling securities as well.

Sir, I find that Government has taken a retrograde step in reimposing the duty on cheques. No case has been made out for this extra taxation. I will quote, Sir, what the Central Banking Inquiry Committee said in paragraph 663 of their Majority Report :

"The recent abolition of the stamp duty on cheques appears to have contributed materially to the use of cheques not only in commercial towns but also in the mofussil. Co-operative banks also record a rise in accounts opened and in cheques issued by them".

In view of this statement by the Central Banking Inquiry Committee, the Government of India had no justification in backing out of their declared policy which they themselves inaugurated a few years ago. They then declared that they wanted to promote the habit of banking among the Indian masses and I am sorry that that policy is now being set back.

I then come, Sir, to the question of a five-year programme. Many countries, and particularly Russia, have set out a five-year programme and by that programme the country has very materially progressed. I raised this question here but Government replied that it was a provincial subject and so could not be considered here. Sir, I do not regard it as a provincial subject. It is an all-India subject and until all the provinces co-operate with each other on this point, success is not certain. I would, therefore, urge on the Government of India to embark on making a five-year programme similar to that of Russia and thus improve the income from agriculture and industry of this big country.

Before I close, Sir, I cannot help saying that the Government is indifferent towards keeping up the prestige of this House. What we find, Sir, is this. I have been a Member of this House from the day of its inauguration. His Excellency the Viceroy used to address both Houses jointly in the early years but now we find that that privilege which we had of an address from His Excellency the Viceroy has now ceased.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: His Excellency addresses the other House.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: That is the reason why I say that the other House is being unduly preferred to this House. Another point, Sir, which I want to put before the Government is that in past years some Bills were originated in this Chamber. Since the last few years we find that this practice has ceased. No Bills are now originated in this Chamber. We have to sit here idle for days and it would be in the interest of the Government and a great saving of time for us if some Bills were originated in this House and then sent on to the other House for consideration and revision.

[Rai Bahadur Lala Ram Saran Das.]

Then, Sir, in all the important joint committees, I should say in all joint committees, the representation of this House is totally ignored. Sir, the position of this House demands that such privileges should not be withdrawn from it.

I must say, Sir, that there ought to be a simultaneous decrease in the surcharge and on taxes on salaries. When you have restored half the cut on salaries, you must restore half the surcharge on incomes. It is only just and fair that this ought to be done. The people who pay surcharge on income-tax on incomes of Rs. 1,000 to Rs. 2,000 are in a miserable plight. Government have restored a cut in salaries which amounts to over a crore of rupees, but they do not see their way to help the poor taxpayer who is already very heavily taxed and who cannot bear this unbearable taxation.

Before I sit down, Sir, I want to express my grief on the treatment which those poor coolies who made all these big buildings for Government in New Delhi have received from the Government. I find that those Public Works Department officers who did well in building up this big capital were honoured with Knighthoods and other meritorious orders, but those poor labourers who helped the authorities in the construction of New Delhi were recently ordered to quit the land forthwith where they lived for many years past, so much so that even their supply of drinking water was cut off. That is the honour, that is the reward, which those poor fellows have received. I would request the Government to consider their case favourably. In case Government find that the place where they are stationed is now undesirable, it must shift them elsewhere where they can house. They worked hard here in building up this capital and do not deserve the harsh treatment which has been given to these people who well deserved a reward.

With these remarks, Sir, I resume my seat.

THE HONOURABLE MR. G. A. NATESAN (Madras : Nominated Non-Official) : Sir, it is difficult for a layman, unaccustomed to a knowledge of the intricacies of Indian finance, to say very much in appreciation of the Budget which has been unfolded to us. For, what do we find ? On the one side, we are given a highly coloured picture of India's high credit and healthy financial position. On the other side, we are given a story of the high exports of gold and we are faced still with a high level of taxation. Within the last few years tax upon tax has been multiplied and the burden made almost impossible, and yet no attempt has been made on the present occasion to reduce taxation in any form whatsoever. The economic condition of the country, to any one who wishes to gauge properly the soundness of our position financially and otherwise, must be regarded as a proper field for study. From a perusal of the debate on the Budget which has taken place in my own province, from a knowledge of the condition of the various business houses, Indian and European, in the presidency from which I hail, from a thorough, if I may say so, appreciation of the enormous difficulties under which the landlords, *ryots* and the poor are now suffering in the villages, it is impossible to resist the conclusion that things are not as happy as the Government would ask us to believe. On the other hand, they seem to be positively drifting from bad to worse. It is all very well for you to say that India's financial credit is good. But remember, her trade is not only bad, its volume, internally and externally is fantastically inadequate for so large and so potentially rich a country like India. These are not my observations but the observations of the *Statesman* and when I mention that name, I am sure that its authority to speak on this

question will not be doubted. We must also remember that for the first time in the history of India, the country has an unfavourable balance of trade and we are practically financing imports by our gold exports. This amounts to meeting current expenditure from capital. Can any one who has any idea of the sound financial position of a country be happy over a state of things like this? Then again, the surplus is slightly better than anticipated. Quite true indeed. But let us remember that instead of 9 crores and odd being given to the reduction of debt, you have allotted only 4 crores and odd. Then let us remember also that the revenue for the two years gross is less by 10 crores and odd, a serious shrinkage indeed, whereas the expenditure is only by 5 crores and odd and the bulk of this is made up of unforeseen savings due to the fall in interest charges and a non-recurring saving of 150 lakhs owing to the inclusion of two years' debt on credit salt in one year on account of the abolition of the credit system. Is this a satisfactory state of things? And with all this what has happened? Nearly a crore and more has been given away for what is called a 5 per cent. restoration in the cut in salaries. During the debate upon the motion raised by my Honourable friend Mr. Hossain Imam I have already given indication of the feeling of indignation that prevails in the country from one end to the other, among all classes of people, European and Indian, against this extraordinary and, in my opinion, grossly unjust method of handling Indian finance. Sir, numerous European and Indian firms to my knowledge have had to make frightfully large reductions in staff. Some young men, Englishmen, who were imported into the country, have been sent away by the heads of business firms. Some who have been asked to continue in service have been forced to do so upon a great reduction in their salaries. Many allowances have been cut down and I repeat, Sir, from an authoritative source—from the statement of the head of an English firm—that in some cases the reductions in pay, emoluments and allowances has amounted to as much as 50 per cent. If that is so with regard to private firms, men who have invested large capital, perhaps borrowed on heavy rates of interest, who are now languishing, if I may say so, by the slump in trade, is it proper that those who have got the good fortune of getting fixed salaries unaffected by any conditions whatsoever, should now be given this relief? What is the moral justification for this when you know that the business conditions are not as happy as one would expect, and when you realise the fact that on the same day and at the same hour, you announced the reduction of 10 per cent. and also imposed a surcharge of 25 per cent. and almost on the same day and at the same hour 15 months later on you quietly come and tell us that you have given relief to the Government servants and yet no relief to the businessman and the trader who has had large deficits to make up and is perhaps facing difficulties which only he knows, and which perhaps he is unwilling even to allow an enquiring public to get any knowledge of? Surely this is not a satisfactory state of things and I think it is high time that the Government realise that something should be done to reduce this surcharge on income-tax. Not only that, Sir. In the principal towns it so happens that those who own houses are asked to pay a heavy rate to the Corporations of the particular place, and again you are charged income-tax upon the rents you receive from the house; you are charged a profession tax, and in all ways the difficulties of the businessman are being multiplied. With regard to the landlords, agriculturists and *ryots*, their tale is worse. I come from a province where in the Legislative Council a motion was almost unanimously passed asking the Government to give a 12½ per cent. reduction in land tax, and in the plenitude of wisdom which characterises the Madras Government not only in this matter but in others that Resolution has not been given effect to. I heard the other

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day that a motion has been tabled to move an adjournment to protest against this, and I hope something will come out of it. I am only drawing attention to this to show that not only in Madras but throughout the country, landlords, agriculturists and *ryots* are put to the greatest hardship. It is no exaggeration to say that, in many cases, landlords do not get enough even to pay the tax which the Government are levying on them. It seems to me that if the present state of things is allowed to continue, you will have to face a crisis of great magnitude, and it should be the endeavour not only of the Finance Department but of all other Departments concerned to avert this as far as possible.

I now come to another topic to which we are accustomed when we speak on the Indian Budget. I am sorry that His Excellency the Commander-in-Chief is not here in his place. I need hardly say that when I and any of my colleagues speak with reference to what we consider the abnormal expenditure of his department, we have no personal motives. He has inherited a system, a legacy, for which he is held responsible, but strictly speaking he should not be. Since my boyhood, and I think that is the experience of others, there has been no cry more insistent, no wrong upon which greater stress has been laid from time to time, than with reference to the wrong done to the people of India by the enormous expenditure upon the army. From the days of Dadabhoy Naurojee, Indian politicians have tirelessly protested against this abnormal army expenditure. These charges have been the despair of Indian financiers, and if perhaps you were to ask the Honourable the Finance Member to speak freely and frankly in private he would tell you he shares this woe which generations of politicians in this country have felt. The incidence of defence expenditure in this country upon the net revenues has been for years out of all proportion to the requirements of the country. I read the other day with great interest a paper read by a retired Civilian, Mr. F. G. Pratt. He presented in a very cogent paper some statistics which are worth quoting, in regard to the incidence of defence expenditure in the various Colonies. India's share is 33 per cent., the highest; Great Britain 23·6; Australia 3; Canada 3; New Zealand 5; the Union of South Africa 3; the Irish Free State 6. Thus India, in spite of her poverty, has to bear a burden relatively higher than that of Great Britain, and, as Mr. Pratt rightly points out, ten times heavier than that of Australia, which has no land frontiers and is protected by the British Navy. Her expenditure on the army has risen from £20 millions before the war to £41 millions at the present day. I make no acknowledgment of the small reduction made in the present Budget. The reason is not far to seek. We have—indeed—India is compelled—to maintain a force not merely for defence purposes but a “field army” of 40,000 men “organized so as to possess the fullest measure of mobility and offensive power with as high a standard as possible of technical equipment”. I submit, in all conscience, this is hardly necessary for the real interests of the defence of India. I regret very much that in this House we miss the figure of a venerable Indian politician who almost from his boyhood protested against this inequity of heavy Indian military expenditure. I refer to our friend Sir Dinshaw Wacha, who unfortunately has resigned his place here. For years, despite the cry of politicians like him, the cost of an army which is maintained purely for Imperial purposes and which should long ago have been borne by the British exchequer, is still being saddled on India. On the ethics of this much has been said and I believe will continue to be said so long as the present iniquitous method of adding the cost to Indian military charges is pursued. I should like to ask the Honourable Mr. Taylor whether at least

on the present occasion he will be in a position to tell us whether as a result of the report of the Capitation Charges Tribunal there is any prospect of any relief for India, whether there is any chance of the huge amounts which have been taken out of the pockets of the Indian exchequer being returned to India in any form at all.

If I have talked of the general policy of military administration and of the way in which the interests of India have been subordinated to the interests of Great Britain, it is time I put before you some actual facts and figures which will show that there are still possible methods of retrenchment in military expenditure. The Army Retrenchment Advisory Committee which was appointed by the Government of India in 1931 was of the opinion that there was no justification or necessity for maintaining separate medical services and separate military hospitals for Indian and British troops with all the necessary staffs. A friend of mine who hails from Madras was a member of this Committee, Mr. Ramaswami Mudaliar. He has said elsewhere, when speaking about the British Military Hospital at Calcutta—perhaps Sir Edward Benthall will be in a position to make some statement about it—that while there was accommodation for 110 patients there were only 17 patients when the Committee visited the hospital, and that even these 17 were able-bodied men able to move about who were reported to be in the convalescent stage. It was sheer waste of money, Mr. Mudaliar said, to maintain such a hospital with a big staff and other equipment. Perhaps the Finance Member will be further interested to learn that at a Supply and Transport Corps Depot at Cawnpore the Superintendent in charge was a Colonel drawing Rs. 1,500 a month, and that all the assistants, with the exception of an assistant store-keeper, were Europeans. We could cite other instances of depots, bakeries, and other administrative services staffed by the costly British King's Commissioned officer. I have no animus against any British officer, as such, if his services were essential, if his knowledge were of a technical character that could not be given by any other officer, by all means let him continue in charge. But surely it is impossible to conceive of a state of things when for doing duties such as those described it is essential to have highly paid European officials.

I now come to another department of army administration where there is considerable room for reduction of expenditure to which effect has not been given. In the report of the Stores Retrenchment Committee, over which I had the honour to preside, it is pointed out that the Military Department does not make use of the Stores Department to the fullest possible extent. I am not such a theorist or idealist as to expect that by a stroke of an order by the Governor General in Council the Army Department could be expected to make all its purchases through the Stores Department. But there is room and enough even now for the Army Department to move in this matter and see to it that purchases are so made of articles which are not purely of a technical character and which can easily be made through the Stores Department. Here is a passage from the report of the Committee which I trust the House will allow me to read :

“ Besides handling themselves their requirements of food-stuffs and special military stores the Army Department still continue their own purchases of several classes of general stores for branches other than the Military Engineering Service which are by no means of a special military character, like locks, paints, pigments and varnishes, lubricating and fuel oils, petrol and kerosene, hand tools, miscellaneous hardware, electrical stores, etc. So far as inspection is concerned, the Army authorities do not utilize the Indian Stores Department to any great extent and even the inspection of clothing and general stores is carried out by their own inspecting agency ”.

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I would repeat, Sir, that I am sorry I have to make these observations in the absence of His Excellency the Commander-in-Chief, but as it was my intention to ventilate these drawbacks and draw the attention of the department concerned to them I have made these remarks.

I do not think any useful purpose will be served by prolonging my remarks upon the Indian Budget. But I feel once more what I have felt so often and what I am sure is uppermost in the minds of many, that the way in which this Budget has been framed, the way in which the 5 per cent. cut in the salaries has been restored, all this shows that the Government of India is not allowed to do things which perhaps left to themselves they would like to do. There is a pressure from outside to which it is being subjected from time to time much to the detriment of the welfare of India, and I trust that the time will not be long when this domination of an outside body over the Government of India will soon cease and that among other things we shall get not only self-government in some really appreciable form but autonomy in our finances which is an absolute necessity for the good government of any country.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal : Muhammadan) : Sir, before I throw out some general hints as to the directions in which some efforts seems to be necessary to move towards a true prosperity budget, I desire to congratulate the Finance Member on the budgetary position which has been revealed by his statement, and which has been so ably presented by the Honourable the Finance Secretary, Mr. Taylor, in this House. Sir, India is in the happy position of being able to show a little surplus. One cannot belittle a surplus budget in these days of great deficits.

At the same time, Sir, there is no question that India is not yet out of the woods. To some extent her surplus budget is the result of her good fortune, as for instance, the windfall of Rs. 150 lakhs on account of salt revenue. One looks forward, hopefully, thanks to Sir George Schuster's overwhelming optimism, to the future. But, Sir, it would be folly to act like the ostrich and not admit that conditions are menacing, particularly in the rural areas, and ours is an agricultural country.

Sir, unless the miracle happens of a demand arising for our agricultural produce, I as an elected representative of Bengal think that there is not a shred of hope of any tangible improvement in our financial position.

I find a fault in the Finance Member's policy, and that is that it does not seem consciously to be directed towards financial measures calculated to create a demand for our agricultural produce. Whatever the conditions abroad, in India itself it should be possible to create that healthy circulation of money which may increase the purchasing power of our people.

We have been railing against the hoarding habit in India, but I do not see much difference between hoarding gold and silver underground and locking up capital in Government loans—unless these loans are for productive purposes or for projects which would give employment to our industrialists or work for our people in the villages more than in Government offices.

Without these measures, Indian gold will be continued to be offered at the altar of the Moloch of exports and Indian supply of gold is not inexhaustible, and I strongly differ also from the Finance Member in the view that in all circumstances large exports of gold from the country are beneficial.

Other countries in the world are now straining every nerve to possess gold. We cannot afford to denude ourselves of all the gold which the foresight and thrift of our ancestors have placed at our disposal to the advantage of the whole country.

Sir, the Finance Member, in almost a tone of pique, insisted that the Government will maintain, for instance, the present policy covering Government loans. The trend of the market shows that large borrowings by the Government are not going to bring in the millenium. We want capital freed from many of the present restrictions and investment in trade and industry made more attractive than it is by the lowering of the bank rate and by a judicious restraint on Government loans. We want industries carefully selected to suit the economic needs of our people in the villages in order to increase their purchasing power, and we want industries in our cities.

Sir, it would not help the people much if the Government kept up its spectacular performances in the loan market. An active policy to stimulate the purchasing power of the people and liberation of capital can only save us from disaster.

Sir, apart from these general considerations of the Budget, there is one point to which I beg to draw the attention of this House. It refers to political pensions. In Bengal, Sir, we have three great Houses whose history is still the history of the country's achievements in the past. I mean the Nizamat, the Oudh and the Mysore families. None of us in this House, I am sure, will confess to a feeling of satisfaction when it is realised that these great families of India are passing through times of desperate financial need. The children of those.....

THE HONOURABLE THE PRESIDENT: Order, order. The Honourable Member should not refer in detail to the history of these princely families.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Very well, Sir. The children of those who once ruled over large dominions are now practically breadless, and almost all of them are certainly not in a position to obtain that education and training which alone in the future can safeguard their identity. Sir, the Mysore and Nizamat families in particular deserve the most sympathetic consideration from the Government. I must say it to the credit of the Government that it has taken measures to improve the prospects of the Oudh family. I appeal to the Government to extend their helping hand also to the Mysore and Nizamat families.

THE HONOURABLE MR. E. MILLER (Bombay Chamber of Commerce): Sir, whatever may be our views in regard to some of the individual items in this year's proposals, I feel sure all will agree that the Finance Member is to be congratulated on being able to present a balanced Budget. It is reassuring to feel that the Government can show a vast improvement in credit, a reduction in the floating debt with a strengthening of reserves and a favourable balance in trade.

This, however, has only been achieved at great personal sacrifice by all of us and it is more than disappointing to learn that it has been found impossible to grant any form of relief in taxation.

I have already expressed my views in regard to the partial restoration of the "out" in Government pay in my remarks on the Railway Budget and in view of the fact that the services have been put on an equal basis with

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others in regard to income-tax, I do not think there is much cause for adverse comment. I cannot agree with the Honourable Sir George Schuster, however, when he says

“ that Government officials are still subject to a very *special* burden ”,

for I am sure that the minimum sacrifice that those outside Government service have to bear is considerably more than 5 per cent. and most of this class have no pension on which to rely on retirement. I do not want to enlarge on this subject, but I do feel that this statement of the Honourable Finance Member cannot be allowed to pass unchallenged. I sympathise with those in Government service who have to continue to bear a partial “ cut ” in pay, but I should like some sympathy from them for those of us who are certainly in a similar if not worse predicament. We are grateful to Sir George Schuster for his promise that the present high tax on incomes will not be continued longer than is necessary, but we should like something more than that, namely, the assurance that no further restoration in the cut in pay will be considered until such time as, simultaneously, substantial relief in the income-tax surcharge can be given to all. I do not think it is unreasonable to ask for that and I would urge the Government to remember that this is a universal demand throughout the country. If a tax on exports of gold had been levied during the past year it would have gone a long way towards making possible a *total* restoration of the cut and also relief in the income-tax surcharge being granted.

With regard to increments may I again just repeat what I said in this House a fortnight ago that until such time as conditions improve all increments should be held in abeyance. If pay can be cut, so can increments be deferred and in view of the Honourable the Finance Member's assurance that all efforts will be made to keep down expenditure, I feel that Government cannot reasonably quarrel with such a request.

Then there is the question of new entrants into the services. Sir George Schuster stated in this House just a year ago that this question had been occupying the Government since the previous autumn and that at the close of that session the Government were going to tackle the question of making a permanent revision in the scales of pay for future entrants. A year has passed but the matter seems to have made no progress.

The next point I should like to make is in regard to motor taxation which to my mind is one of the most important measures requiring revision. There is no industry which bears such a load of taxation as that levied on motor transport and the accessories connected with it. A tax can so easily be levied on imports of petrol and lubricants as collection is simple and evasion impossible while the same may be said of the tax on motor vehicles. Very little reference to the consumption of petrol is made but I venture to suggest, quite regardless of what the imports may be, that the consumption is down by about 18 lakhs of gallons and at 10 annas a gallon import or excise duty, it will be appreciated what the ultimate loss will be in revenue to the Government. Before going further I should like to protest very strongly at the Honourable Sir George Schuster's action in classifying motor cars as a luxury. Motor vehicles are an essential of modern life and in consequence the Government of almost every country has turned to them whenever a gap in its revenues is required to be filled and there has been little evidence of imagination as to the potential consequences on its revenues. It is quite fair to make motor transport a source of revenue to Government, but it is neither fair nor prudent to tax it so heavily

that it cannot function efficiently. *That stage has been reached and the Government's own figures prove this.* Then again, Sir, I am at a loss to understand Sir George Schuster when, not only does he describe motor vehicles as a luxury, but he suggests that the number on the road before the slump was probably excessive! If we are to open up communications in order to assist the Railways, something *must* be done to encourage motor transport into the interior and I would commend this to the very serious consideration of Government.

The Honourable the Finance Member has mentioned that he has received various representations in regard to the heavy taxation on motor transport but that in spite of the facts and figures presented to him, he is still unconvinced that the point where the law of diminishing returns comes in has been reached. It is very easy to dispose of the matter in this way but I submit that the facts and figures having been compiled by representatives and experienced organisations, deserve a more reasoned and detailed reply supported by arguments, when the subject is of such all-India importance and affecting the development of the country. However, I understand that the Government of India propose to provide this information at the Road-Rail Conference next month and so I will not take up the further time of the House now, but I may say the figures submitted are most convincing and in my opinion the figures compiled by Dr. Meek and now before you support the claims put forward. There is no doubt whatever that the heavy drop in imports is mainly due to high taxation, and not to economic depression and to there having been more vehicles previously on the roads than was necessary for actual requirements. If this was the case why was it a common complaint that buses in rural areas were nearly always overcrowded? That this was the case is common knowledge.

Some relief has been afforded by the reduction resulting from the Ottawa Conference which should benefit British cars but what is really required is a further all-round reduction of 10 per cent. both for motor cars and lorries. This might mean a drop in revenue in the first instance from imports of motors but I believe the impetus given to trade generally would very shortly compensate Government for this temporary sacrifice.

I agree with Sir George Schuster that outlets for capital expenditure must be carefully chosen and also possibly that there is no urgent need for railway extension. That, however, can be decided at the Road-Rail Conference to which Sir George Schuster refers, and it was because of this pending Conference that in my remarks during the Railway Budget debate, I expressed satisfaction at there being no schemes for construction of new lines, as obviously it would be wrong to take up new schemes when such a Conference was imminent.

But I am all in favour of launching out on new carefully chosen schemes of development as soon as possible for the time seems favourable in every way.

It has been customary in the past during times of boom or slump to refer to the "trade cycle". During the present trade depression, one has been inclined perhaps to feel that the slump like other slumps will in due course automatically come to an end and give place to a fresh forward movement. On the basis of this theory, the depression ought now to show clear signs of lifting, but the present slump is like no other slump which has preceded it, for it is active in every line of trade throughout the world. We must not therefore

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just carry on hoping for the best, but we should take some definite line of action to assist in lifting us out of this Slough of Despond. *We must be courageous and take strong and definite action.* The first step is to economise to such an extent as is compatible with efficiency, bringing down overhead expenses to the absolute minimum. Then having satisfied ourselves to that extent, we should spend, but spend wisely on schemes of development. To make this possible the first step obviously is for Government to reduce taxation to a level which will enable business organisations to feel justified in launching out on progressive schemes *and Government too must have a policy of development.* Never was the time more opportune than now for development. Money, labour and materials are cheap, and if we have any confidence in the future, now is the time to take our courage in both hands and, by a combined policy of retrenchment, efficient organisation and wise spending, prepare for the future when conditions will at least be normal, if not actually reaching a boom period.

The great revivals of the past have been generally associated with fortunate events that have sufficed to overcome the accumulative tendencies of trade depression. I can see no indication of such fortunate events happening at this time without some active effort on our part. The obvious thing seems to be to encourage the opening up of undeveloped areas and this can best be done by making roads into the interior, linking up with the Railways and by encouraging the development of virgin and fallow areas of land by means of mechanical cultivation. It has been suggested that mechanical cultivation, if adopted on a large scale, will lead to increased unemployment, but one has only got to consider this for a moment to realise how mischievous a suggestion this is. Obviously if undeveloped areas are made productive, it must not only increase agricultural employment, but increased employment in other industries must follow. Neither, however, can develop under the existing heavy taxation and Government must, therefore, be bold and reduce taxation to a reasonable level, while at the same time they should encourage all sound development schemes raising loans for such if this is found absolutely necessary. I feel certain that this is the only sound policy at this stage and I commend my observations to the serious consideration of Government.

I am not forgetting that, at present, prices of produce are low and markets unfavourable, but mechanical cultivation in India is only in its infancy and much ground has to be covered before such development can have any effect on markets or lead to over-production. A start, however, should be made and I know that this matter is receiving the personal attention of my friend the Vice-Chairman of the Imperial Council of Agricultural Research. I hope Government will give all the encouragement necessary to any schemes that may be put forward in the not too distant future. I repeat again that we cannot wait for the end of the present trade cycle, but we must try and anticipate it by careful planning on sound business lines. It is necessary, therefore, not only to consider the question of organised and improved transport facilities, but similar action in other directions should be taken. Any good business organization seizes the opportunity of lean years to reorganize and develop on sound lines and I feel very strongly that the time is ripe for the adoption of such a policy by Government. I am sure that if the Government of India will adopt such a line of policy, they will have the full support of this House.

Those Honourable Members of this House who read *Punch* every week will no doubt have seen in the one received by last week's mail, the cartoon by Raven Hill depicting a member of a mythical constituency in the House of Commons who addressed the Speaker with the following words :

"Sir, I move that the only important business before the House is the Relief of Taxation for the Country's recovery. The Government must take this risk. (Loud and prolonged cheers from every quarter of the House) ".

It is here* if any Honourable Member wants to see it.

The Honourable the Finance Member has referred to the maintenance of consumption, in spite of increased duties, of the main necessities of the masses and in doing so I presume he is basing his remarks on the table appearing on page 8 of the printed copy of his speech which gives the averages of 10 years and the 1932 percentages.

When reading this table, however, it should be borne in mind that :

(1) the last census in 1931 showed a very large increase in the population since that of 1921 (actually some 33 millions) ;

(2) there will have been the normal population increase in 1932 ;

and, therefore, it is not so much a matter of maintenance of total consumption but of a dwindling purchasing power being transformed into an artificially satisfactory one by an increase in population. Indeed, the figures lead one to infer that the situation is better than is actually the case.

Sir, these are the only points which I wish to make but before resuming my seat I should like to add one word more. The Honourable the Finance Member has referred in another place to the fact that this was his last Budget statement. During an unprecedented period of depression he has been in charge of India's finances and, although, being only human, criticism has been justifiable from time to time, I feel sure this House will agree with me that the whole country should be grateful that it has had in control a man of Sir George's attainments. Personally I could consider it a matter for general congratulation if Sir George Schuster's tenure of office were extended for a further period of at least two years so that he could finally hand over to his successor not merely a promise, but the fruits of his hard endeavours.

THE HONOURABLE MR. BIJAY KUMAR BASU (Bengal : Nominated Non-Official) : Sir, I do not share the undiluted pessimism of my friend Mr. Natesan ; so I feel that I must congratulate Sir George Schuster on the marvellous transformation that has been effected on the budgetary position of the Government of India and also on having presented what has been described by the Honourable the Finance Secretary as " an honestly balanced Budget ".

It is undoubtedly a great relief for the Government to find that this year they have a surplus budget which they have not had for the last few years. But this relief should have been, I venture to think, allowed to be shared, if even in a very small degree, by the taxpayer. But when we turn to the proposals of the Honourable the Finance Member of continuing the burden of taxation in the old way, I feel, we hear the continuing groans of the taxpayer.

I should have thought that the Honourable the Finance Member could have with perfect ease and safety raised the taxable limit for income-tax to the old figure of Rs. 2,000 instead of keeping it at Rs. 1,000.

* The Honourable Member held up a copy of *Punch*.

[Mr. Bijay Kumar Pasu.]

Perhaps my friend the Finance Member does not realise, as we do, that the income-tax on incomes between Rs. 1,000 and Rs. 2,000 has played havoc with millions of homes in this country and that people with these incomes can ill-afford to pay even a rupee or two a month towards this tax without the utmost hardship.

I have very little to say about the restoration of the 5 per cent. cut in the salaries of Government servants, for, when we find that they have to forego the exemption of the income-tax surcharge, this restoration would be more or less illusory as far as their pockets are concerned. But certainly I should have thought that the case of these people with small incomes between Rs. 1,000 and Rs. 2,000 was entitled to first consideration and before restoring this 5 per cent. cut, the Honourable the Finance Member should have considered the case of these poor people. May I now implore the Honourable the Finance Member to take the earliest opportunity of doing bare justice to this class of people by raising the taxable limit for income-tax?

The export of gold from India, which really has been the biggest weight in the scales which has restored equilibrium in the budgetary position of the Government has made great improvement in Government credit and has the effect of creating cheap money conditions. Comments have been made that Government should have imposed a small export duty on gold so that a large revenue might have been easily obtained which could have afforded relief to the taxpayers. I, Sir, do not profess to be an expert or to have expert knowledge, but knowing the psychology of the mind of our own countrymen, I feel almost sure, that any imposition of the character suggested might have had the effect of checking the export of gold and would have prevented the recovery of the budgetary position in so short a time as has been achieved.

I do not share the Honourable the Finance Member's pessimism that "the future is still dark with uncertainty". I think we have indications enough to feel that we have reached the lowest level, and if any change comes at all, it is bound to be for the better.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Not much gold is left in the country now.

THE HONOURABLE MR. BIJAY KUMAR BASU : There is still enough left here to give us a good position.

The principal omission in the Budget, in my opinion, is, that the Government have failed to take the opportunity of setting right one of the principal industries of the country, *viz.*, the textile industry. The Tariff Board report on this subject has been shelved for the time being, though the consistent rumour is, that the Tariff Board has made out a strong case for the passing of anti-dumping legislation. No doubt, a communiqué has been issued that the protection to the industry would be continued for the next six months. I venture to say that it is a wholly inadequate compensation or consolation to one of the main industries of the country. I think the House will agree with me that protective duties are in nature entirely different from anti-dumping duties. We should not forget that the Fiscal Commission has tied the hands of the Government so far as protective duties are concerned. Proposals for protective duties should come first under examination of the Tariff Board and should be supported by their recommendations before the duties can be imposed. And let me direct your attention to the fact that the Fiscal Commission was dealing with normal times and not with abnormal

and emergent times through which we are now passing. Anti-dumping legislation, it is my belief, forms a part of the duty of the Government and the Finance Member, in my opinion, has not only lost a splendid opportunity of obtaining an additional revenue but has unfortunately jeopardised the interest of the industry concerned.

The revenue from customs, I believe, has been underestimated. It is unnecessary for me to repeat that there had been windfalls in customs revenue, but I venture to ask the Finance Member, if they were not the natural consequence of the excessive general duties coupled with the high tariff wall now existing, which are having an adverse influence upon the general trade of the country.

I now turn, Sir, to the defence budget, where the estimates have now come down to 46·20 crores. In this connection, Sir, I endorse the opinion of my friend Mr. Natesan that there is considerable room for reduction in this particular estimate. Even at the risk of being called an "ungenerous critic," I say, that the military expenditure can be still considerably reduced. I am not an old Member of this Council, but I remember the debates on military expenditure that have taken place in previous years. When the Retrenchment Committee presided over by the late Lord Inchcape suggested that on no account should the military expenditure exceed 50 crores, the then Commander-in-Chief protested that it was impossible to bring it down to anything less than 55 crores. We find that it has now been brought down to 46 crores and odd. The general fall in prices of commodities cannot account for this big difference. It shows that the estimates prepared by the Army Department are not always accurate. There is still considerable room for curtailment without loss of efficiency. The military expenditure should not, in my opinion, exceed, under any circumstances, the sum of 40 crores. We are anxiously awaiting the decision of the Tribunal which sat the other day in London to settle the capitation grant question. If that decision be in our favour there is every prospect of making a further saving in our military expenditure.

There is one other point, Sir, to which I would desire to refer. I am very sorry to find that the duty on cheques has been re-imposed. The duty was removed in July, 1927 on the unanimous recommendation of the Currency Commission, which was presided over by such an eminent financier, Sir Hilton Young. As is well known, this step was taken to encourage the banking habit in the people and as a natural consequence to make the nation thrifty, to enable savings to be effected and deposited in banks and indirectly thereby to improve the position of the banks by increasing their deposits. The Honourable the Finance Member in his speech said that the results have not been encouraging and the remission of the duty has not had much effect. But to change the habits of the people of a country as extensive as India, I say, that an experiment of this nature for five years is much too short to pronounce a judgment. The Finance Member said that it was through pressure put upon him by the various Provincial Governments that he had, "somewhat reluctantly", proposed to re-impose the duty for the next three years. The estimated income which this duty will bring in would be somewhere about Rs. 7 lakhs a year, and if the proceeds are to be distributed amongst the Provincial Governments the relief that will be afforded them will be almost nominal.

The funding of a portion of the floating debt has had a very stimulating effect on the Budget. It is a course which I have advocated more than once as one of the best ways of improving the budgetary position.

[Mr. Bijay Kumar Basu.]

Sir, the manner in which Sir George Schuster has taken courage in both hands to choose what he himself calls "the harder path", than the pleasanter one of relaxing the burden of taxation, and the way in which he has taken the fullest advantage of the circumstances that have happened, leaves nothing but the greatest admiration for his skilful, technical and scientific knowledge of public finance.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern: Non-Muhammadan): Sir, in the words of the Honourable Sir George Schuster himself the Budget that has been presented to us is not of a nature to stir enthusiasm. No doubt, for the time being, the credit of the Government stands high, their financial position is strong and the position of the investing public is safe. But barring these aspects, there is nothing in the Budget from the standpoint of the public in general whereon the Finance Department could be congratulated. When the reduction in salary cut was announced, it was expected that there would also be a reduction in taxation and at least in the income-tax surcharge. Not only has this expectation of the public not been realized, but it has been announced for the future also that if financial conditions improve next year then again the claims of the services for the full restoration of their salaries will be given priority and after that a start will be made in reducing the burdens of taxation. This evidently means that according to Government the public is for the services and not the services for the public, because the claims of Government servants are to come first and those of the public are to be subordinated. I doubt if the Government realise that if any class of persons have been comparatively better off in the midst of the present unprecedented depression, it is the Government servants; because, while the income of landlords and tenants, traders and businessmen, industrialists and commercial men, lawyers and doctors and people following other professions, has sunk to the neighbourhood of one-half, and that too is coupled with uncertainty as a result of the slump, Government servants have escaped with a cut of 10 per cent. only in their salaries for a year, and will henceforth go with a still smaller percentage of cut, the withdrawal of the exemption from the surcharge included. Then, Sir, apart from their being comparatively so better off, there is no uncertainty of income in their case as in the case of independent professional men. But the maxim of Government seems to be:

"To him that hath, give more. and from him who hath less, more shall be taken".

For, in the case of the public, not only is the unbearable taxation not going to be reduced, but some more imposts are going to be levied, which have been described by Sir George Schuster as revenue measures with a protective significance. These relate to changes in the import duties on boots and shoes and artificial silk goods. Then, Sir, the stamp duty on cheques which was abolished with effect from the 1st July, 1927, is to be re-imposed. In spite of the arguments advanced by the Finance Member in support of this proposal, I feel that the re-imposition of this duty by the Government is inconsistent with their pious wish of encouraging the banking habit. Sir, the greatest need to my mind was that some relief should have been given to the poor taxpayer from the crushing burden of taxation. The reduction in the limit of taxable income from Rs. 2,000 to Rs. 1,000 is telling heavily upon the middle classes, and it is high time that the minimum of exemption should be again raised to Rs. 2,000. Then, the increased postal rates are hitting the poor

people hard. They should have been reduced to the level of at least one anna in the case of letters and to half an anna in the case of postcards, if not to the previous level of half an anna and a quarter of an anna, respectively, in the interests of the poor masses. Before leaving the subject of income-tax, I venture to ventilate here a grievance of the income-tax paying public. And it is this. In assessing income-tax, if the income-tax officer finds that an assessee has filed accounts which the income-tax officer has reason to believe are not genuine, the income-tax officer not only assesses that person on any fantastical income he likes, but the poor man is also sometimes run in in a criminal court. And my information is that the assessee is not unoften given the option to choose between the two evils of either accepting the fantastical assessment of income-tax without demur or running the risk of a criminal prosecution. Or to describe it graphically, the high assessment of income-tax is forced down his throat at the point of the bayonet. The result naturally is that in such cases the poor assessee has sometimes to put up with the lesser evil of submitting to the idiosyncrasies of the income-tax officer in order to escape criminal prosecution. This, Sir, is, in my opinion, very hard. It may be said that a man who has filed unguine accounts deserves no sympathy. I admit that. But my submission is that the penalty of such a person being assessed on a fantastical income should be enough and he should not be subjected to the double penalty of being criminally run in at the same time.

Sir, I have carefully gone into the learned arguments that have been advanced by the Honourable the Finance Member in justification of the export of gold from India to the tune of 107 and odd crores. Although Sir George Schuster would have us believe that this export has been to the good of the masses of India as well as to the Government—and there is no doubt that it has stood the Government in good stead—but he will pardon me if I fail to agree with him when he thinks that the gold exported does not represent a drawing on reserves, for there can be no gainsaying the fact that the flight of this precious metal has resulted in the depletion of the potential reserves of the masses of the country.

Now, coming to the civil and military expenditure, although it is gratifying to note that so far as civil expenditure is concerned the Government have achieved economies to the extent of nearly 87 per cent. of what was recommended by the Civil Retrenchment Sub-Committees, and the military expenditure has been reduced from 55·10 crores in 1929-30 to 46·20 crores in 1933-34, I venture to suggest that the country cannot bear even the reduced burden of expenditure, and especially, as was remarked by my Honourable friend Rai Bahadur Lala Ram Saran Das, when prices have fallen below the pre-war level there is no justification whatsoever for retaining the expenditure at a figure higher than that level. As regards military expenditure, my Honourable friend Mr. Natesan has just shown how it can be further reduced.

It is regrettable to observe that even the costly Lee concessions have not been withdrawn. And although the Finance Member has promised that all efforts will be directed to keeping down expenditure and to preparing in other ways for a lightening of the burden of taxes, this assurance, vague and indefinite as it is, will afford no consolation to the victims of taxation which is the heaviest the country has known, unless and until there are further drastic reductions in expenditure. The world has been so hard hit by the economic blizzard that the process of recovery, even when it sets in, will be extremely slow. The Government cannot, therefore, expect increased revenue in the near future from a return to normal conditions of price levels and trade and business. And one of the greatest impediments to the economic recovery

[Rai Bahadur, Lala Jagdish Prasad.]

of India is the heavy burden of taxation which is necessitated by the high cost of administration. It follows, therefore, that unless the Government further cuts down its expenditure there can be no relief from taxation and consequently not much of economic recovery.

Sir, having dealt briefly with the general features of the Budget, let me now come nearer home before I conclude and say a few words in regard to the treatment that is accorded to this House by the Government, to which a reference has already been made by the Leader of my Party. It is the general belief of non-official Members at any rate on these Benches that this House is not treated by the Government in the manner it should be. And the reason perhaps is that the Government being sure of a comfortable majority in this House do not much care for the wishes and feelings of the non-official Members here, unlike the Members of the Lower House whom the Government by reason of its composition have to placate. Sir, if there are any important consultations to make, it is the non-official Members of the Legislative Assembly alone who are generally consulted by Government; if there are any Government Bills to be piloted, they are referred to Select Committees of the Lower House alone and the Upper House is kept, so to say, at arm's length; if the representation of the Indian Legislature is sought on any important Committees, this House is not unoften ignored, and it so happens that on occasions this House is even deprived of the honour of being addressed by His Excellency the Governor General and the Assembly alone is sometimes selected for this distinction. So far as non-official motions are concerned, it is our belief that in relation to them the Government generally adopt a more adamant attitude on the floor of this House than they can afford to take up in the Legislative Assembly. Thus it is the impression of all independently minded non-official Members of this House that the Government so often ignore us and do not care for us. In the matter of house accommodation also that is available for Members, the general complaint is that it is insufficient and many of our friends are compelled to make their own arrangements for accommodation. I do not know what is exactly the state of affairs in the case of the other House so far as this particular matter is concerned, but there is no doubt that the Government will be well-advised if they provide more house accommodation for the Members of this House, especially when under the new constitution the strength of the House will be very much increased. I hope that these observations of mine will not be disregarded and that the Government will see their way to show greater consideration towards the Members of this House and thus earn the good will of those on whose support in all matters they always rely.

One more point, Sir, and I have done. The Benares Hindu and the Aligarh Muslim Universities had been receiving certain annual grants from the Government of India for some years, which I learn have now ceased. Last year a cut of 10 per cent. was effected in these grants. Now that we have got a surplus in our Budget this year, it will be in the fitness of things if the amount of cut made last year in these grants is given to these two Universities this year by way of help. On the same grounds, I wish that the amount of cut effected in the grant of the Delhi University last year should also be restored this year.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal: Non-Muhammadan): Sir, it is but natural

1 P.M.

that congratulations are due to the Honourable the Finance Member on his wonderful feat of presenting us a balanced Budget when

the country is in the grip of an economic blizzard; but the purple patches here and there in his speech cannot satisfy the souls of those who are groaning under the crushing burdens of surcharge, super-tax, and various other kinds of taxation.

The remarkable feature of this year's Budget, Sir, is that it has afforded no relief to the taxpayer. It is really gratifying and encouraging to observe at first sight, that a balanced Budget has been placed before us, but one is surely to be disillusioned, when one finds that a wet blanket has been thrown on us; because, while remain the surcharge and super-tax and the inequitable and injudicious imposition of income-tax and also the increase in the postal rates where they were, the cuts in the salaries have partially been restored! And so I can characterise the Budget, neither commendable, nor at all condemnable. I cannot say commendable, Sir, as I have already said, it has not a word of remission of any kind of taxes, nor can I say condemnable, because it shows the redemption of debts to a considerable extent and an improvement on India's credit. At the same time, we should not lose sight of the fact that in the estimates for 1933-34 there is taxation in the shape of further duties on imported boots and shoes and artificial silk for protective purposes and also an imposition of the stamp duty on cheques. However splendid the performance of the Honourable the Finance Member in showing us a balance of 42 crores in the budget estimates of 1933-34 might be, the imposition of such duties as mentioned by me above, does not redound to his credit in husbanding resources for the purpose of incurring public expenditures.

As regards the flight of gold, Sir, the Honourable Sir George Schuster's ingenious explanation that if Government had to pass a law putting a rigid restriction on all exchange transactions it would have been a gross and unnecessary interference with the liberty of private individuals to deal with their own property and necessarily have led to a very serious restriction of imports, does not carry conviction. The export of gold may have helped India's purchasing power as regards imports which have realised an appreciable customs revenue but that flow of gold might have been kept by Government as a reserve to India's advantage. But as there are always two aspects to every question, I have no quarrel with those who think the export of gold was indeed beneficial to India's economic interest.

Now, Sir, from the theories and the subtle controversial points of economics regarding the flow of gold from India, I must come to the bedrock of facts—the practical side of the Budget. Our cry has always been against the huge army expenditure in India and we have cried ourselves hoarse over it. However, I am glad to learn that our cry has not been a cry in the wilderness. There is a response to our cry but that response is not satisfactory. The net reduction in the military estimates for 1933-34 and the total savings effected being more than Rs. 100 lakhs are a mere drop in the ocean. It is to be regretted that in the matter of the economy campaign in army expenditure, it was not possible to adopt the Retrenchment Sub-Committee's recommendations *in toto*; although the statement showing the reductions secured in army expenditure says, that where the recommendations have not been accepted, alternative methods of retrenchment have been devised in order to secure savings, of an equal, or sometimes greater, amount; but this rosy picture of retrenchment in army expenditure vanishes from our sight when we find in the same statement that the savings shown do, in some cases, include both recurring and non-recurring amounts and it is impossible to say definitely at this juncture what the ultimate total recurring savings will be. The army in India, Sir, so far as I can understand, is not for protection but it is an army

[Mr. Jagadish Chandra Banerjee.]

of occupation as it devours more than half the revenue of Government even in normal times, and that the expenditure is still very large and has mounted up by about Rs. 20 crores from the pre-war normal, is a thing against which we enter our emphatic protest. In this respect our demand is that the expenditure is to be reduced by further retrenchment and by Indianization of the army, as speedily as possible.

As regards the civil establishment, Sir, I have no grudge against the partial restoration of the salary cuts but to a country like India, the fat salaries of the heaven-born service holders, I mean the Indian Civil Service and their Lee concessions, are a great drain on our resources. I think I can say without any fear of contradiction that nowhere in the world does this class of public servant get such pay and allowances as they do in India.

The 18d. ratio even when the rupee has been linked to sterling is an ugly feature of England's work in India, which is detrimental to India's economic resources. I need not take up your time further, Sir, by going into the details of this age-long controversy; but that it is one of India's real and intense grievances, most people of independent thinking will say.

The man in the street, Sir, does not understand the intricacies of the budgetary items nor does he care to know how the finances of the country are being handled by the powers that be. What he wants to know, if there has been any lightening of his burdens in the shape of remission of taxes or in the decrease in the postage rates. But he will be disappointed to know that the *sircar* has done nothing of the kind. The Honourable the Finance Member ought to have given due consideration to this side of the question but as he has not done that his surplus Budget for 1933-34 will not appeal to him and not even to us; as, specially in this respect, the Budget has been disappointing.

However, Sir, the Honourable the Finance Member must have our thanks for his earnest endeavours to raise India's credit in the estimation of the world by his loan programme and the partial redemption of debts during these difficult times.

In conclusion, Sir, I would ask Government to see that the public expenditure should be quite in keeping with the taxable capacity of the people as the last straw on the camel's back has already been placed?

With these few words, Sir, and thanking you for allowing me the time of this Honourable House to express my opinions on the Budget, I resume my seat,

THE HONOURABLE MR. H. M. MEHTA (Bombay : Non-Muhammadan) : Sir, I rise to congratulate our Finance Member for his great achievement in balancing the Budget this year. We all know that for the last four years the world has been suffering from great distress, economically, owing to the fall in prices in all countries. We know that for the last two years the whole world is sick with depression and distress on account of the crops not realising the prices which they ought to in normal times. Thus great difficulties stood in the way of the Finance Member for the last four years, and try as he would, he could not possibly succeed in balancing the Budget. But his great manœuvres and firm handling of the finances 18 months ago in producing a supplementary Budget taking his courage in both hands, saved the finances of this country. We must always remember that this state of affairs is not to be found only in India. They are found all the world over, and the great Finance Members of other countries have also been trying to balance their

budgets for the last four years, and they have all failed miserably. Their budgets run into not tens of millions in losses, but into hundreds of millions sterling or thousands of millions of dollars. Such is the state of affairs everywhere. I call it a great achievement that India has got out of such chaos and the Finance Member has been able to balance the Budget. India is talked about as a poor country. But look at the case of all the rich countries in Europe, America and other places. The distress there amongst workmen, traders, industrialists and manufacturers is far greater than it is in this country. We must thank ourselves that we have been able to stand the stress as we have done. It shows the remarkable sustaining power of India. What the Finance Member has achieved in the last 18 months beats all other financiers in the world. How he was able to pay off the greater part of the treasury bills which were running at an unspeakable rate of interest—between 7 and 8 per cent.—and how he has succeeded in bringing it down to a few crores at $1\frac{1}{2}$ and $1\frac{3}{4}$ per cent., is beyond what I can say. How he contrived it and how he did it is remarkable. All credit to him. Not only has he succeeded in these treasury bills being brought down to that low rate of interest, but he has achieved another great success in paying off the 1932-33 loans of a high rate of interest, and floating in its place a long dated loan payable in 1960-70 at 4 per cent. interest and that too subject to income-tax and super-tax. In other words, the men holding the 4 per cent. loan—and they are having them in crores and crores of rupees—shall realise only $3\frac{1}{4}$ per cent. on their paper. Sir, the Finance Member has brought these about in the short period of 18 months and no words can express how cleverly he managed to do all this. This was the cleverest movement that any Finance Member in any country has done. If we throw our glance 15 months back, the $3\frac{1}{4}$ per cent. paper was standing then at Rs. 47 for every Rs. 100 paid, and all other Government papers were down in the same ratio as the $3\frac{1}{4}$ per cent. paper. The $3\frac{1}{4}$ per cent. was going down and down and people were saying that those that buy these were fools and that these will remain in their hands as scraps of paper, because Government was not going to exist any longer. Many hundreds of people sold these away, but those who bought more and more have made a pile of money. After 15 months, the price now stands at Rs. 80 and over. Now, those very people, who said that Government was going down and these papers will remain as scraps of paper, are now coming forward to buy the same, and that is how the Government papers were in such demand and the work of the Finance Member has been made much easier in floating a loan at 4 per cent. on par and long dated with income-tax and super-tax attached to it. I must also give credit to the public of India. The public of India also helped the Finance Minister to a very great extent, by bravely bearing all the taxation that he put on the country with no other object in view than to do good to the country. People nobly bore it and helped the Finance Member and thus reduced his work considerably. Then there is another factor also which must be mentioned. His Excellency the Viceroy, by crushing with a firm hand the civil disobedience movement, made the work of the Finance Member very much easier. If civil disobedience and disorder had been allowed to continue for a few months more, I do not know what would have happened in the country. When the history of this civil disobedience movement and other Congress movements comes to be written long years hereafter, people will come to know what distress they have wrought on the country; not hundreds but thousands of crores of money have been unnecessarily wasted. Who suffered the most? The agriculturist to the tune of 95 per cent. and 5 per cent. of industrialists, manufacturers and others who are in receipt of salaries. Sir, it takes a long time to build an Empire. It took nearly 150 years to build

[Mr. H. M. Mehta.]

the British India of today. It would have taken only as many days to destroy it. If the civil disobedience movement had not been crushed, the revolutionaries would have got the upper hand and India today would have been thrown into bloodshed.

Now, coming to the vexed question of gold exports, some people are blaming the Finance Member for doing this and that, and others are applauding him. But the general opinion seems to be that gold ought not to have been shipped in such large quantities as it has been. I would ask this House a very simple question. If you hold a certain thing in excess of your wants, what is the use of holding that thing in such excess? Is it of any use to anybody? More than that, it has to be looked after and people have to be employed to prevent it being stolen. It causes expense and not a farthing of interest is derived from the hundreds of thousands in money which that excess represents. Indians are not as simple as some people think. There are shrewd business men amongst them, and they saw that when England went off the gold standard 15 months back, a great opportunity was presented to them. The price of gold which was then standing at Rs. 19 per tola rose within one week to Rs. 26 per tola, and, if my memory is correct, it rose to Rs. 29—30 per tola in less than a fortnight. Some people said it was distress gold which came into the market. Well, we all know our agricultural classes; we know it would take nine months or a year to carry the tale about gold selling to the ears of the masses. The gold which actually came into the market came from the shroffs, from the rich zemindars, and from the rich rajas. Those millions of gold did not come from the distressed people in the villages. I admit that now small quantities might be coming from such people, but at first it never came from them but from those holding gold in bulk, as my friend Dr. Choksy sitting just behind me prompts "for the very love of it." Then, Sir, looking at the total exports of gold which have gone out of the country, say, roughly, 116 crores, I would ask how much gold has actually gone out of the country? If my friends will take their minds back, they will find that from the year 1919 to 1925 every ounce of gold brought into this country was never purchased at a higher figure than Rs. 18 or 19 per tola. But all the gold which went out, went out at the price of Rs. 29 or 30 per tola. My friend the Honourable Mr. Taylor said the other day that it brought a profit of 20 per cent. to holders of gold. But I should say it brought a profit of 40 to 50 per cent. That is, in other words, the gold that went out of the country was actually of the value of 60 crores, and it brought along in its train 56 crores of rupees as profit, and that profit has helped the Finance Member in making his Budget square.

THE HONOURABLE MR. HOSSAIN IMAM : Will the Honourable Member say what the initial price of gold was and what was the profit?

THE HONOURABLE MR. H. M. MEHTA : I have already said the initial price was Rs. 18 to 19 per tola and it was sold for anything between Rs. 29 to 30—a profit of 50 per cent. If my figures are wrong I should very much like to be corrected either in this House or outside it. These 116 crores of rupees have come back into India, either by way of imports or by way of exchange notes or in some form or other. But it did come and it maintained the exchange, not at 1s. 6d. but at 1s. 6½d. That also represented a small windfall to my Honourable friend. Now as to this money which came in, in such large lump sums, the people did not know what to do with it. They did not like to put it into industry and manufactures because their fingers

had already been burnt during four years on account of the depression. They therefore preferred to put the money into Government paper and into treasury bills, and the supply was so plentiful that the Finance Member had to reduce the rate of interest till it came down to $1\frac{1}{2}$ or $1\frac{3}{4}$ per cent., and the demands he receives are more than double his requirements, and have not yet fallen off.

The Finance Member in his speech in the other House said that he had secured a good windfall in the import duty—a few crores more than he had anticipated by way of duties on cloths received from foreign countries. The Finance Member may congratulate himself on this achievement, but may I ask him, at what cost to the country? The textile industry which at one time was a very prosperous industry is now in a ruinous condition. It is a tale only of woe and nothing else. There are no profits and no dividends for the shareholders. The mills are running at a loss of lakhs and lakhs of rupees every year. Bombay City was first hit by the depression in the textile industry, and there are four reasons for this. Cotton is not grown anywhere near Bombay and had to be imported into Bombay for the mills' use. The manufactured goods cannot be sold in Bombay City alone and have to be sent out to other parts of India by rail. Then the wages of workers in Bombay is 20 per cent. higher than in other places in India where cotton is manufactured. Then, last but not least, there is the municipal and water taxation. Perhaps the Honourable the Finance Member may not know it, but in the case of the Bombay mills these charges run into several thousands of rupees per annum, while upcountry mills have to pay next to nothing. What did the Bombay mills do? In 1929-30 in order to meet the competition of the upcountry mills they said "Let us try to cut the wages of our workmen by 20 per cent., thus bringing them on a parity with other upcountry mills." What was the result? The strike spread. Every cotton mill in the Bombay area was closed down. Ten months of continuous strike went on, first of six months' and then of four months' duration, thus bringing a loss of nearly 18 crores of rupees in those ten months. If my figure is challenged, I am prepared to submit all the accounts. Thus, the Bombay mills lost and the loss of the Bombay mills was the gain of the upcountry mills for the time being.

THE HONOURABLE KHAN BAHADUR DR. SIR NASARVANJI CHOKSY :
Ahmedabad.

THE HONOURABLE MR. H. M. MEHTA : Ahmedabad, to a very large extent, as my Honourable friend says, because it is the second centre in the Indian Empire as far as the cotton industry is concerned. Ahmedabad gained. Ahmedabad built up new mills out of the gain. They overhauled their old mills and they brought them up to the standard of new mills. Therefore, if Ahmedabad mills make a crore of rupees profit in a given year, the profit of the Bombay mills will be simply zero, because they have lost Rs. 18 crores which has come as indebtedness and at 6 per cent. interest it is a crore of rupees loss to the Bombay mills per annum. This is the condition today. But I am not harping on the conditions in Bombay alone. Now, the evil is spreading and spreading very fast into the upcountry mills which were doing well. The Ahmedabad mills today are not selling one-third of their production; two-thirds they are accumulating; even on the one-third that they are selling, they cannot get even the cost price of manufacture. In Bombay the whole Petit group of mills have closed their doors. They were put in auction. The Maneckji Petit Mills which cost Rs. $2\frac{1}{2}$ crores to put up could not be sold for Rs. 15 lakhs. Such are the conditions in Bombay. Now,

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the turn is coming to other parts in India, and only a week ago one mill in Ahmedabad closed their doors, because they were suffering heavy losses. Another mill in Broach closed its doors under similar conditions and a third in the Gaekwar State Kalol have also closed their doors. The Sassoon mills have given notice to close its doors next month. The Jamshed mill and others are closed down. Another group of mills, which is a big group—Currimbhoy Ibrahim—have closed three mills. The wonderful part of the whole situation is that the “Toyo Podar Mills,” a Japanese concern, has closed down. The Japanese bought that mill seven years ago and were boasting that they would show the Bombay mill-owners how to run a mill concern and make a profit. In seven years they have not made a rupee ; they have suffered a loss of several lakhs in these seven years. They brought out a manager from Japan, their engineer from Japan, even some women mill-workers from Japan, to show how a mill should be run in India. With all that they have done what ? Suffered tremendous losses ! They did not give a bit of lesson to our industry. I wish they had. Still these Japanese are sending to this country millions and millions of rupees worth of cotton goods and at what price ? At the price of cotton itself, as if a man taking up a lb. of cotton in one hand, is giving away by the other hand finished cloth at the same price, doing away with all the laborious processes which cost the mills between 5½ annas to 6 annas to produce one lb. of cloth. These are the conditions. How can the industry stand such competition ? My friends ask me how they do it. Some say it is on account of the tremendous fall in the yen which has helped the Japanese to dump their cloth into this country. It has helped them to a certain extent, but I cannot be convinced that thereby any one can sell cotton cloth at the price of cotton. Japan does not grow one lb. of cotton in its own kingdom. She buys all the cotton from either India or America. She pays freight to take it to her country, pays dock charges, insurance, makes the cloth, sends out again, pays shipping and insurance charges and sells “ at the price of cotton ” !

THE HONOURABLE MR. BIJAY KUMAR BASU : That is dumping.

THE HONOURABLE MR. H. M. MEHTA : That is for the Government Members to think about. They invoice the cloth, and if my Honourable friend the Finance Member wishes to have a look at the invoice, I will not show him one invoice, but hundreds and hundreds of invoices every month. They invoice their cloth at the price of 5 annas a lb. and the Government of India levys a duty of Re. 0-5-3 on it, thus bringing the price to Re. 0-10-3. The Bombay mills buy cotton at the same price. They cannot produce at anything less than 10 annas, 5 annas being the manufacturing cost. How Japan can send cloth at that price, *viz.*, annas five, beats me. I am a cotton man, but I cannot make out how they can do it, unless there is a magic wand which can turn cotton into cloth by taking it by the one hand and passing it on to the other. This is the condition of the mill industry. Perhaps my Honourable friend thinks that by putting up further rates of duty on cotton cloth, his import duties would fall to a large extent. He may think that his Budget would be disturbed and he may not be able to balance the Budget if the duties fall by several crores. Well, may I ask a simple question ? If there was prosperity in India in the cotton mills, would he not get by other channels in the way of income-tax and super-tax from the mills, amounts which would compensate him for the loss he would suffer in the import duty ? Then, Sir, may I be allowed to ask one question ? Japan, as I have drawn the picture before the House, is dumping cloth at the price of cotton. Our Executive Members

and the Government of India, I presume, are for the Government of India and its people. They have to look to the welfare of India and its people, and that must be the first concern of the Government. Have they done it? That is an open question. If they had seen to it, would they not have stopped this dumping long before? Are they going to increase the duty when the mischief has been done and the whole thing is doomed to destruction? May I ask another question? Take the opposite case. If cotton goods were being shipped to Japan in the way the Japanese are doing in India, would the Japanese Government have stood this nonsense even for a month? Certainly not. The Tariff Board Report is with the Government of India for the last 3½ or 4 months—I do not remember exactly how many months. I do not know what the recommendations of that Tariff Board are but certainly Government have not disclosed the facts. Meanwhile, the industry, as I have described just now, is dying slowly. But what beats me most is the speech of the Honourable the Finance Member in the other House in which he said that the higher duties are now taking effect and the imports are getting smaller and smaller every month. If my Honourable friend will compare the figures with the figures of the past year then he will find out in what enormous quantities the shipments have come to India. There is an extent to which the people can buy and can then go no further, and the Japanese cloth is flooded into the market to such an extent that even if you were to give them away at lower prices than now it could not be sold because it is a surfeit absolutely. Then, if the Members on the Treasury Benches would throw their minds back to previous years they will find that the Japanese have always played the same game over and over again, *viz.*, that at the time of the Budget they have made it a point to send smaller shipments and then when everything has gone through and the Budget has been passed, on come shipments in greater quantities into this country. If my Honourable friends will look up their files they will find that to be the case, Sir.

Well, I have no further comments to make, Sir, but I understand that our very able Finance Member's term of office expires at the end of this year and he intends to leave this country at that time. Now I think everyone will admit that he has studied financial matters, and especially Indian finance, to such an extent that he may be said to have these matters at his finger tips. It is therefore very undesirable that he should leave us at a period when we are not yet out of the wood and there are miseries still in store for us here and I do sincerely hope he will change his mind and that His Excellency will write either to the Prime Minister or to the Secretary of State or whoever is the proper person to write to and get him an extension at least for a year or two so that we may have the benefit of his financial advice during these very critical times.

The Council then adjourned for Lunch till Three of the Clock.

The Council re-assembled after Lunch at Three of the Clock, the Honourable the President in the Chair.

THE HONOURABLE THE PRESIDENT: The debate on the General Budget, Part II, will now resume.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras: Non-Muhammadan): Sir, I should like to pay my tribute to the Honourable the Finance Member on his very able exposition of the finances

[Diwan Bahadur G. Narayanaswami Chetti.]

of the Government of India. Having said this much, I must state there is a general feeling of regret in the country that the Finance Member has not held out any hope for lightening the burden of the taxpayer, much less of giving some relief to him in the present Budget. Eighteen months ago, we were asked to agree to enhanced taxation on the ground of national emergency and it is only fair that when the Government have partially restored the salary cut, they could have given some relief to the taxpayer also. I also feel that the Government have not carried out retrenchment in the way they should have done. So far as army retrenchment is concerned, a great deal has been said by the previous speakers and I shall only say that with the efforts of His Excellency the Commander-in-Chief, we could try to see if anything more could be done in retrenching expenditure under that head. The Government should make up their minds to reduce the top-heavy administrative expenditure. What is required is a change of policy to make up the salary bill according to the capacity of the country to pay.

It is a matter of gratification that the Government securities have gone up in value and conversion schemes have been highly successful. It is greatly due to the efforts of the Honourable the Finance Member and he rightly deserves the congratulations of the House in this matter. Government should now explore the possibilities of conversion schemes in London in order to reduce the rate of interest. In this connection, I have to say that it is really a matter of great congratulation to the country that the Government securities are standing at a very high value today. At one time, as my Honourable friend Mr. Mehta pointed out, the Government 3½ per cent. securities stood at Rs. 48, and they are now at 82, and I am sure this will go a long way to restore confidence in Government securities. At one time, many shared the opinion that Government securities could not reach the par value when they wanted to dispose of them and they were reluctant to invest their moneys in Government securities. Now, I can only say that this fear has altogether been removed and I am sure that this is due to the wise efforts of the Finance Member to whom we are all highly indebted.

In regard to the re-imposition of the duty on cheques I must say that the decision is not likely to benefit the provinces to an appreciable degree. It will, on the other hand, have a detrimental effect on the development of the cheque habit and banking.

Before I conclude, I would appeal to the Finance Member to give this Council a definite assurance that with the complete restoration of the cut there will also be withdrawal of emergency taxation.

Sir, one word more and I have done. It is the unanimous opinion of this House that the Finance Member should continue to be with us for another two years in order to put things in order for the future Government to successfully work the constitution.

Sir, I should like to associate myself with the Honourable Rai Bahadur Lala Jagdish Prasad about the treatment accorded to this House. I agree that important Bills should be taken up simultaneously by us, and that joint select committees should be appointed so that we may have the opinion of both the Houses before coming to any conclusions. As a matter of fact, all the Bills are passed in another place, and they come to us for the mere seal of this House. I want the Honourable the President, if he has not already done so, to take up this matter and to do something in that direction. Sir, our revered President, as a delegate to the second Round Table Conference, has

rightly observed the important check this House is having on legislative measures. Therefore, Sir, I appeal to you, Mr. President, to see if anything can be done to see that this House is treated better than it is done at present. I hope that hereafter on all important Bills there will be joint select committees to consider the measures before they come up for final consideration before this House.

I have nothing more to say except once again to pay my quota of tribute to the Finance Member for having placed before us a balanced Budget for the year. I once again congratulate him on the admirable way in which he has done this task and to Mr. Taylor, the Finance Secretary, for his able presentation of the Budget to this House.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN (North-West Frontier Province : Nominated Non-Official) : Sir, it is indeed a very praiseworthy thing for the Honourable the Finance Member to see that after so many ups and downs in the economic condition of the country, fraught at every moment with great difficulties on account of the general depression throughout the world's economics, he has been successful at last in presenting a surplus Budget, although he has the satisfaction to do so in the last year of his term of office as the Finance Member to the Government of India. I think I will not be making any sort of exaggeration in saying that he rightfully deserves the congratulations of this Honourable House for his successful achievement to prepare the country's Budget with a surplus of 41·61 lakhs of rupees, and the improvement that he has made in the form of its presentation, particularly for his attempt to explain it in relation to the economic condition of India at the present moment. All this clearly indicates that the Government is trying to come into touch with the realities and recognises that the economic condition of the people of India is at least engaging their attention. At the same time, we expected something more from him in view of his recent public speeches, with the promise of some schemes aiming towards the betterment of general economic conditions prevailing in the country. It is very much to be regretted that we have been disappointed in this expectation of ours, of which the chief reason might be lying in the fact that since this is the last year of his term of office, he might not have considered it proper to announce a policy which his successor would have to carry out. I think he will be in no hurry to sever his connection with India so soon and I hope that he will be given a substantial extension to work out his policy which he has in his heart at this moment. As the majority of this House is in favour of this extension, I expect that the Chair will convey the wishes of the House to His Excellency the Viceroy for the attainment of that object.

Now, Sir, let us turn to the actual Budget and see in what way and to what extent the Honourable the Finance Member has succeeded in his attempt to balance the country's Budget and bring about a surplus of 41·61 lakhs of rupees in it, consistent with his promise of doing away with the emergency measures that he adopted, *vide* his supplementary Finance Bill of September, 1931. In the very first paragraph of his speech made while presenting the Budget in question, the Honourable the Finance Member appears satisfied with the state of public finances in India and puts forward the claim that the emergency plan which he introduced in September, 1931 "has worked"; with regard to this I venture to say that this claim of his lacks a little bit of justification, for the success of any emergency plan can be only in the fact that the emergency for which it was designed to meet has ceased to exist and not that the emergency plan should continue to become a permanent one, except so far as half the cut on salaries of public servants is concerned. Yet this is in effect what he actually proposes to do.

[Major Nawab Sir Mahomed Akbar Khan.]

The most important part of his emergency plan adopted in September, 1931 was the linking of the rupee to sterling, which was expected to end the fall in prices and at the same time bring about a rise in the rupee and sterling prices. It is to be very much regretted that this hope has not been fulfilled up till the present moment, for the Honourable the Finance Member himself admits in paragraph 5 of his Budget speech that :

“ the anticipated rise in rupee and sterling prices has not materialised ”.

The country was looking forward to some stimulus for export trade from the heavy depreciation of rupee in terms of gold brought about by its link with the sterling from September, 1931, but the export trade in our main staples has declined both in value and in quantity and the Honourable the Finance Member himself gives us a few statistics in paragraph 9 of his speech which clearly show how terribly the value of export had declined as compared with what it is accepted as the normal value of the post-war period. The situation in fact has become far more aggravated than during the period for which the rupee was linked with gold, for our balance of trade in merchandise has actually become worse since the operation of the emergency plan.

Sir, I have nothing but admiration for the Honourable the Finance Member for his rosy picture of our economical situation, in which he touches on some very important points on the credit side, but I am very sorry to point out that he has not condescended to lend sufficient colour to its heavy debt side. In the interesting memorandum prepared by Dr. Meek, it has been shown that the value of the principal agricultural crops in eight provinces of India has declined by over 47 per cent. since the 1st April, 1929. In other words, the income of culturable India has been reduced by nearly one-half in the year 1932 as compared with 1928-29. As an agriculturist myself I know fully well to what serious plight the grower of produce in India has been reduced. The condition of our main industries does not seem to be very much better in spite of heavy protective duties. No doubt it is a matter of evident satisfaction for the Honourable the Finance Member to make a reference to the rise of over 7 crores of rupees in the import of cotton piecegoods and yarns, but it is not in fact a case indicative of more intense competition of the foreign trades with the working textile industries, by far the largest industry in India? The Railway Budget discloses a sorry tale of the diminution in traffic which only means diminution in internal trade. It is quite a good thing to take credit for full interest payment, although it has only been achieved by utilising the depreciation branch. The posts and telegraphs continue to work at a loss, and in the return of revenue from this source one can easily find the economic depression in all business activities. With such unmistakable evidence of a serious situation, Sir, it is difficult to derive comfort from the bright part of the picture which has so elaborately been prepared by my Honourable friend the Finance Member.

We may or may not have been so hard hit as some other countries as a result of the world depression but we have been constantly told that India as a mainly agricultural country should be one of the worst sufferers on account of the fall in prices. No doubt it ought to be the case to some extent and India ought to have its share of the effects of the uniform depression on the world's trade but will my friend the Honourable the Finance Member kindly explain as to what step has so far been taken to restore the prices of the agricultural produce in India. It is no use simply telling the people that since other people are suffering, the people of India should also suffer. What

is urgently required of him is to find ways and means to remove the cause of the distress and suffering. The Honourable Members know full well that the masses in India and particularly the agricultural classes were already living on a meagre margin of subsistence and that the present world depression has deprived them of that margin also. Honestly speaking, they are living on the verge of starvation and a large number of them are in a state of actual starvation. Under the circumstances it is highly imperative to explore some effective means to remove their miseries and distress. Some fresh markets ought to be found for the chief agricultural produce of India and thereby provide restoration of their prices which is the only way to bring relief to the poor and trodden agriculturists.

When such is the state of the country's economics, Sir, it is no use going on adding taxation on taxation. When the national income of the country has declined by over 47 per cent. since the year 1929, I fail to realise what useful purpose can be served by introducing fresh taxation and then seeking to make them permanent. This system of taxation, Sir, is bringing no relief to the general taxpayer. The broad fact that emerges from the figures presented to us in the present Budget is a glaring contrast between the heavy reduction in the national income and an increase in the tax receipts and a steady level of expenditure which has been continued practically undiminished since the year 1921. No prudent businessman or even a householder will ever think of maintaining a steady level of expenditure in the face of a heavy decline in income. It is not a question of 10 per cent., 20 per cent., or 25 per cent. cut in expenditure. What is needed is a heavy axe that will bring down the expenditure almost in the same ratio as the fall in national income. Apart from some business principle it is urgently required for the renewal of business activities which have been practically stifled under the heavy load of taxation since the war. It is necessary even from the constitutional point of view. In order to meet all these emergencies, may I ask my friend the Honourable the Finance Member if he has even considered the question of reducing the Government expenditure to the pre-war level, which is the only means to restore the equilibrium of peace and tranquillity in the country.

Political discontent, Sir, is largely due to this economic distress among the agricultural classes, and severe unemployment amongst the educated ones. I think it is time for the Government to put their house in order and find out some way to do away with the present system of heavy taxation if the country is to have a breathing space for political or economic recovery. I would like to invite the attention of the Honourable the Finance Member to the expenditure of the Government of India in the year 1911 or 1912, and ask him how was it that the Government in those days was carrying on its business quite efficiently. I do not think they would say that the country was absolutely defenceless in those days when the military expenditure stood at 29 crores of rupees instead of 50½ crores as provided in the present Budget. Cannot the Government of India's servants work as hard and as cheaply as they used to work in pre-war days? The general price level has gone even below the pre-war level. What is the harm then in reverting to the pre-war expenditure of the Government of India? Indeed, it is difficult to accept the general proposition that it is impossible for the Government to function with a number approximately equal to the strength of their services in 1911 or 1912, and at the rate of salaries sanctioned in those days. In my humble opinion it is a matter of special attention for the Government of India and especially at a time when that patient animal, the Indian taxpayer, is showing symptoms of collapse.

[Major Nawab Sir Mahomed Akbar Khan.]

Apart from this, Sir, there is one important item in the fresh proposals of taxation which calls for a very strong expression of disapproval of this House with its authoritative condemnation of the Royal Commission on Currency, and this is the question of stamp duty on cheques. In the imposition of this duty, I very much regret to find that the public sermons of Sir Basil Blackett for extension of the banking habit in India and the enthusiasm of the Honourable the Finance Member for the recommendation of the Central Banking Enquiry Committee, seem to have been conveniently forgotten for a paltry sum of 7 lakhs a year. I am afraid the imposition of this duty will undoubtedly discourage the cheque system in India, and it is therefore submitted that the sooner it is done away with the better for the banking concerns as well as those interested in the banking system.

With regard to the restoration of the 5 per cent. cut in the salaries of Government servants although the question has been fully debated in regard to the Resolution of my Honourable friend Mr. Hossain Imam I would confine myself to the remark that the Government has acted a little hastily in this matter for if the finances of the country were at all in a position to provide some margin of relief, it was the taxpayer that stood in need of sympathetic consideration at the hands of the authorities and not the public servant who has been given advantage of this relief at the sacrifice of the taxpayer. The first to take advantage of some increase or betterment in the country's finance ought to have been the taxpayer who has to give something out of his pocket to contribute towards its betterment and not the public servant who is simply to derive advantage of any such betterment at the sacrifice of the taxpayer. The cut in question was adopted along with 25 per cent. surcharge on income-tax. Is it in any way fair on the part of the authorities to provide reduction of the cut by one-half without any attempt to cancel or reduce the income-tax surcharges, although both the cut in salaries and surcharges were adopted at one and the same moment in order to bring some relief to the country's Budget? I hope in future the Government will see to their conjoint cancellation at the earliest and most opportune moment when the finances of the country permit them to do so.

THE HONOURABLE RAI BAHADUR PROMODE CHANDRA DUTT (Assam : Non-Muhammadan) : The Budget is expected to clarify the financial position but is often used to obscure it. You are confronted with a mass of figures from which it is not easy to draw conclusions. The Budget under discussion is no exception to the rule. I do not blame the Honourable the Finance Member. He has a part to play. What I take exception to is certain of his generalizations. He asks us to believe that the standard of living among the masses has not deteriorated in spite of the depression and points to the increased consumption of such commodities as piecegoods, salt and kerosene, as leading to that conclusion. What he does not tell us is whether the increase may not be explained by the enormous increase in the population during the decade for which he has quoted figures for comparison. An increase of 30 millions must make an enormous difference. The Honourable the Finance Member argues from figures, we argue from what we see in actual life and the picture is a gloomy one. It is a fact that millions of people do not know what it is to have a full meal, that depression is continually adding to their number, that what keeps them alive is that the enormous proportion of them are agriculturists who raise their own foodgrains. But the crops have gone so far down in price that they cannot have enough salt, enough kerosene, enough clothing even for exbareistence. What you call the reserve strength of the

people is the uncanny fact that the masses in India can hang on to life with almost nothing to feed and clothe themselves with. Say what you like, the condition of the masses is steadily going from bad to worse and unless things take a decidedly better turn, the inevitable crash will come sooner than we would care to contemplate. I would invite the Honourable Sir George Schuster to visit a few typical villages instead of generalizing from figures. He will be disillusioned.

The burden of the Honourable the Finance Member's speech is that all our ills are chiefly due to world-wide depression, that is, to the fact that there is less buying and less selling in the world at the present moment. This may be so but what is more important for us to know is why the civilised nations of the world persist in the suicidal policy of restricting imports knowing full well that thereby their own export trade will be choked. Have they all forgotten their economics? On this point he throws no light. He regrets this unnatural feature of world economics but naively confesses that he himself has not been slow in imposing restrictive tariffs which, as a necessary consequence, have led to a contraction of India's exports so much so indeed that the balance of trade which has hitherto been favourable to India is now against her. His emergency plan has failed to restore equilibrium and there would have been a financial collapse but for the intervention of Providence in sending gold out of India. If he has been able to produce a balanced Budget it is due more to luck than to any policy of his own.

Circumstanced as we are, our salvation lies in retrenching expenditure to the furthest possible limit. If only our military expenditure could be brought down to the pre-war figure there would have been no necessity for any emergency measures. Considerable reductions in civil expenditure are also possible. There has indeed been some reduction under both heads but the gap between necessity and extravagance is yet too wide. Such reductions as have been made have not led to any loss of efficiency and I venture to think that further reductions will leave it unaffected.

It is extremely regrettable that no remission of taxation has been announced in spite of a surplus of 217 lakhs of rupees. No restoration of salary cuts is justifiable so long as the duties on salt, kerosene and piecegoods, which are necessities for the masses, continue to be levied. I must here again raise my protest against the continuance of the duty on salt which was imposed by the Finance Act of 1931 under pressure from certain merchants of Western India. It is a most iniquitous levy, discriminatory in its incidence and the Honourable the Finance Member by lending his support to it has laid himself open to the charge of partiality. I am afraid the policy of encouraging indigenous industry is being pushed beyond its legitimate limits. It raises the cost of living to the consumer without a corresponding benefit to the country as a whole. It must also be remembered that India is a country of vast proportions and there is such a thing as provincial patriotism.

On the threshold of far-reaching constitutional changes, the one problem that is uppermost in everybody's mind is the problem of finance. It is now realised that without adequate financial backing no constitution however excellent on paper will have any chance. I wish the realization had come at the proper time, so that the form of the constitution, its financial implications and our capacity to meet them could be discussed together. As it was, the concentration was almost wholly on the form of the constitution to the neglect of its financial aspects. The constitutional mould has set so far as the provinces are concerned. What is troubling them now is whether their resources will be sufficient to meet the demands of the new constitution. There

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is a scramble for gifts from the Centre and in the scramble the stronger provinces are gaining ground while the weaker ones are going under. One of the causes of this deplorable result is the fact that all the provinces were not given equal opportunities to influence the decisions of the Round Table Conference. So far as my province of Assam is concerned, its case was allowed to go by default. In the third Round Table Conference where alone anything concrete was achieved it was unrepresented. It was also unrepresented in the second Round Table Conference and its representation in the first Round Table Conference was confined to a single member. We waited in a deputation on the Honourable the Finance Member to seek financial relief but he regretted that he was unable to help us as the matter was then out of his hands being under discussion at the third Round Table Conference. In answer to certain questions I put in this House, the Honourable Sir Fazl-i-Husain was pleased to apprise me that although Assam was not represented there were no reason to fear that her interests would suffer as every delegate was there to consider the case of each and every province. The published proceedings of the third Round Table Conference, however, tell a different tale. Throughout the proceedings not a word appears to have been said by anybody on behalf of Assam. Special difficulties were recognised in the case of some provinces and reliefs promised to them. There was nobody to plead for Assam. I respectfully invite the Honourable Sir Fazl-i-Husain's attention to the report of the proceedings. I wonder if he does not feel uneasy in his conscience now for giving me hopes which have been so grievously disappointed. Every province was for itself and not unnaturally. If the Government of India had not anticipated it they betrayed a colossal ignorance of human nature. I know it for a fact that the Government of Assam did press for its representation on the third Round Table Conference. If nothing came of it it was because it is a tradition with the Government of India to ignore Assam and its Government. Will Assam be allowed an opportunity to discuss her fate with the Joint Select Committee? I know that His Excellency Sir Michael Keane is doing his very best to secure adequate financial help for Assam and I should be very much surprised if in his recent talks with the Viceroy he did not press for Assam's representation. There are people in Assam who know their case and how to put it. They would not deserve autonomy if they did not.

Assam has been described as the Cinderella of the provinces. No description of it could be more apt. There was something almost tragic in its creation and its subsequent history has been one of studied neglect on the part of the Central Government. I am afraid to most Honourable Members of this House Assam is nothing more than a mere name and to this fact rather than to any want of sympathy we perhaps owe the general lack of interest in its affairs.

The province was carved out of the Presidency of Bengal in 1874. On separation it was constituted a Chief Commissionership and remained as such except for a brief period of seven years until 1921 when it was raised to the status of a Governor's province. If the Government of India had done their duty by the province which on separation came under their management, it would have been one of the fairest provinces in India.

Up to the passing of the Government of India Act, 1919, there was no such thing as provincial revenue. All the revenues wherever collected belonged to the Government of India. Provincial Governments were mere agents and granted doles according to what the Government of India

thought or could be persuaded to think, to be their needs. As a territory immediately under the Government of India, Assam was in a peculiarly favourable position and if they cared to develop the province so as to bring it up to the level of the more progressive provinces, there was no obstacle in their way. As it was, they had no policy with regard to its future. Things were allowed to drift with the consequence that when the Reforms came in 1921 the province was found to be extremely ill-equipped.

In the whole of India, Assam is the only Governor's province without a University and a High Court or its less pretentious counterpart a Chief Court. For higher education and for administration of justice Assam has to depend on Bengal. Such dependence on outside help is hardly compatible with provincial autonomy.

Essentially an agricultural province, Assam has failed to develop an efficient agricultural service commensurate with her requirements. The progress of the co-operative movement has been similarly hampered by the inadequacy of the staff and the requisite financial assistance in pioneer work.

As regards communications on which the development of a hilly and sparsely populated province like Assam depends so much, Assam is equally backward. The total mileage of metalled roads is about 600 miles in a province comprising an area of 67,000 odd square miles. Expenditure on civil works per head of population is also the lowest in Assam.

Assam has great potential wealth in her magnificent forests but there is probably no province in India where there are so few forest roads. Many forests in the Central Provinces and Bihar and Orissa have more roads in a single district than there are in all the Assam forests taken together.

In medical and public health, the expenditure in Assam is very low and compares unfavourably with the other provinces; and this in spite of the fact that she maintains a special organisation for a campaign against kala-azar which is a special scourge in the province. The average area served by a dispensary in Assam is 215 square miles as against 71 square miles in the neighbouring province of Bengal. There is not a single hospital for women and children in Assam and in spite of the fact that the incidence of leprosy is the highest in Assam, being 216 per 100,000 of the population there is no leper asylum or leper clinic worth the name. It should also be noted that owing to the existence of extensive forests and swamps and high temperature and heavy rainfall, this province is apt to generate diseases of a virulent type and hence the problem of sanitation in Assam is in some respects more acute than in other provinces.

The picture will not be complete unless reference is made to some other features peculiar to Assam. The province is peculiarly subject to seismic disturbances. The earthquake of 1897 caused unparalleled loss of human life and property and involved the Government and the people in heavy outlay for recuperation. This was followed by another earthquake in 1918 severe enough, though not as severe as the earlier one. It also caused extensive damage. The third earthquake occurred in 1930 involving loss of considerable property. One unfortunate district is having a shock almost every other day, the last shock being counted as the 514th since 1930.

Devastating floods constitute another feature of Assam. In the year 1929 abnormal rainfall in the hills caused unprecedented floods in the Surma Valley and a very high flood in the Nowgong district. The damage done to crops and cattle was very great and the drain upon the Government purse

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proved very heavy. In 1930 also there were severe floods in the Assam Valley which submerged all the riverain *mouzas* and did considerable damage to crops over a large area. I am not purposely referring to earlier floods.

Assam has been saddled with a lot of backward tracts which cover nearly half the total area. These are inhabited by a number of backward tribes in different stages of civilization. They number several lakhs but are unable to pay for their needs. Revenues raised from the plains are applied to make up the deficit which amounts to Rs. 10,00,000 a year. Since 1929 we have paid nearly 120 lakhs on this score.

Assam being a frontier province, the Central Government maintains five battalions of Assam Rifles for the protection of its frontiers at a cost of Rs. 20 lakhs a year. Assam is made to pay a fifth of this cost. Under this head we have paid nearly half a crore of rupees since 1921.

I hope I have said enough to impress upon the Honourable Members that circumstances in Assam are so peculiar that she requires special treatment if she is at all to progress on modern lines. In any financial adjustment the peculiar difficulties of each province must be taken into account. As the Simon Commission remark :

"It costs more to run a province with a scattered population than one which is densely populated; more teachers and policemen must be maintained per head of population; the cost of roads and of medical and sanitary services must be higher per head. Again in provinces where salary and wage rates are high, the cost of a given service will be comparatively high. Physical facts also may determine the need for health or sanitary services. We should not therefore in any case expect to find anything like equality in the expenditure of various provinces either in proportion to the area served or to population".

The annual revenue of Assam is only 240 lakhs of rupees, the main sources of revenue being land revenue, excise, forests and stamps, all more or less inelastic. The Percy Committee has estimated that under the new constitution Assam in normal years will be faced with a deficit of 65 lakhs, which according to the Government of Assam, however, is an under-estimate. In arriving at this figure the Committee provided only for her present commitments besides the increased cost involved in the new constitution but took no account whatever of the peculiar difficulties against which she has had to contend. The third Round Table Conference makes special provisions for Bengal, Sind, Orissa, and the North-West Frontier Province but places Assam in the same category as the rest of the deficit provinces, that is to say, she is promised just enough to cover her deficit. I do not blame the Round Table Conference for their decision. The blame rests on the shoulders of those who selected the delegates. I make a final appeal to His Excellency the Viceroy in the name of fairness and justice to allow Assam an opportunity to represent her case before the Joint Select Committee. Representative Government is notoriously expensive. It is not going to be cheap for Assam. It is a cruel mockery to saddle her with an expensive constitution without providing adequate finance. If Bengal produces jute, Assam produces oil, which yields over a crore of rupees a year. The whole of it is appropriated by the Centre. In the shape of excise on petrol alone the Central Government takes away nearly 33 per cent. of the total collections made in the province. When other collections appropriated by the Centre are taken into account the percentage will be found to be much higher. You fleece Assam to the skin to feed the Centre. No financial arrangement will be considered satisfactory or just which does not take into account Assam's special circumstances and special needs. I hope I have not been crying in vain.

THE HONOURABLE KHAN BAHADUR CHAUDRI MUHAMMAD DIN (East Punjab : Muhammadan) : Sir, the Honourable Sir George Schuster must be congratulated on his splendid account of the financial position. Although substantial reduction in expenditure has been effected, and the Budget has been balanced, the economic blizzard that has raged throughout the world during the last three years has not yet come to an end. The terrible fall in prices of agricultural produce is telling very heavily on the zemindars. Thanks to the strenuous efforts made by the Governors of the Punjab and the United Provinces, the situation did not develop into a serious crisis, but it requires still greater efforts to restore to the agriculturists their former position of normal prosperity. Measures of three kinds are required to meet them. Firstly, Government should try to improve the purchasing power of the country by straining every nerve to raise the general level of prices of India's agricultural produce in international markets. Secondly, they should try by measures, both legislative and administrative, to rescue the vast majority of the rural population from the dead weight of indebtedness. Many Royal Commissions and other Committees have from time to time drawn the attention of the Government to the necessity of measures of this type, but so far no serious step has been taken to put those suggestions into practical shape. This reform is necessary even in the interests of the coming constitutional reforms. It should be pushed forward and completed as early as possible. Any such measures are bound to touch some interests which are likely to raise loud protests against them. The new Ministers under the constitutional machinery will generally be reluctant to have on their hands a fierce controversy of that type and it may be that they will be tempted to defer the question to a future date. Further, the Ministers in some of the provinces are bound to be shaky as no single party will have a dominant strength and the voice of the agriculturist, who is not well organised, is bound to be ignored by Ministers anxious to keep their posts. Thus, if this reform is not carried through before the advent of the new constitution, it is likely to be postponed indefinitely and the evil effects of the present conditions on the lives of the agriculturists will be prolonged and strengthened. The result will be widespread agrarian unrest which will militate against the success of the new reforms. Properly applied, the Ottawa principles should tend to alleviate the misfortunes of Indian zemindars, but this result can only be achieved if the Indian cultivator occupies a prominent place in the thoughts of those whose business it is to work out the Ottawa Agreement.

Sir, India's hide trade has suffered owing to the depression and it is desirable that the question of the remission of the export duty on hides should be considered in the interests of India's hide trade. Also I would urge the necessity of removing half the income-tax surcharge, because it tells heavily on our tradesmen. It is a matter of gratification that the loan position is so satisfactory, thanks to the skilful handling of the problem by the Finance Department. India's credit has risen and the position in this respect is very strong. But the condition of the peasantry and the rural population is going from bad to worse and requires the special attention of the Government of India. Sir, it would be a great loss to India if a man of Sir George Schuster's calibre is lost to us at this juncture. I hope it will be possible for Lord Willingdon to persuade him and to secure his services for another two years for the welfare of India.

THE HONOURABLE SIR EDWARD BENTHALL (Bengal Chamber of Commerce) : Sir, I listened to the speech of the Honourable Mr. Natesan this morning with great interest, because I always admire the deep sincerity with

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which he puts forward his views. Up to a point I was with him in his remarks on the army, but only up to a point, because I have not yet joined the Progressive Party. Like him or anybody else, I dislike paying taxes, whether for the army or for anything else, and I have great sympathy with him in his predicament, for it is a patent fact which nobody can deny that at the present level of prices the army budget is a burden on the taxpayer. But I do not think the Honourable Mr. Natesan was really quite fair in the figures which he quoted in support of his thesis. He quoted, if I remember aright, figures to show that the army budget was something over 30 per cent. of the total budget of this country, and he compared it with the budget of Great Britain and of certain of the Dominions. I think—I may be wrong—but I think he made a mistake which has been made many times before in comparing the army budget in this country with the budget of a unified constitution. If he adds the provincial budgets to the central budget he will I think find that the incidence is a great deal lower. Similarly, if he compares the position in Australia he will, as I think he himself admitted, agree that Australia is dependent for its defence not upon the army but upon the sea, upon the British Navy. Again, in Canada, Canada I believe has a convention with the United States whereby neither of them take steps to defend their long frontier. But I do not think that this House would like to depend solely upon a convention for the defence of the North-West Frontier.

Mr. Natesan asked me to confirm an item in the Retrenchment Committee's stay in Calcutta when he said that of 110 beds in one of the military hospitals in Calcutta only 17 were occupied at the time of the visit of the Committee. He asked me to corroborate that. I think the facts are correct, but it almost sounded to me as if Mr. Natesan was blaming the army for not having more sick men. Obviously there must be space for epidemics. Whether after inquiry the army found that in that particular case there were too many beds or not, I do not know, but I feel quite certain that the matter has had consideration. Again, on the army budget, he mentioned, I think I am quoting his figures, that before the war the army budget was some 20 millions and has now risen to 44 millions. I think he was referring to the Indian budget in sterling. But in comparing the Indian budget with pre-war figures it is necessary to bear several aspects in mind. First of all there is the item of war pensions, for which the exchequer had no charge before the war. I think the charge for pensions now is some 3½ crores, of which 1 crore is entirely due to war pensions, which I am sure this House would wish to meet. Then there is the Air Force. That is practically a new arm invented by the war and which the Indian Army must adopt like any other army. Then there is mechanization, an expensive item which has entered into the budgets of all armies since the war. Then, as this House knows, there was the great need, proved by the war, to bring the ancillary services up-to-date and to make good the deficiencies which were shown up in several campaigns. On this subject the Commander-in-Chief made a most impressive speech at the Simla session, and I recall that the House greeted his remarks with applause. Now, in saying this, I am not saying that the army budget is necessarily satisfactory. But I would remind the House that they have retrenched this year by some 70 lakhs of rupees and I myself am prepared to leave the question of retrenchment largely to the army themselves, for I know that they realize that retrenchment is not yet finished. Having served on the Army Retrenchment Committee I can bear witness to the splendid straightforward co-operation which the army has always shown towards the subject of retrenchment, and I am perfectly

certain that my colleagues on that Committee will bear witness to that fact also. I would therefore leave the matter to the army and the Government of India, and I would only request them to have one more look through the report of the Army Retrenchment Committee with a view to seeing whether some of the items which they have passed over could not yet lead to further retrenchment.

I would endorse briefly the compliments paid by the Honourable Mr. Miller and the Honourable Mr. Mehta to the Honourable Sir George Schuster and his Department. During the last year or two the Department must have gone through an extremely anxious time, how anxious probably few realize. The present comparatively satisfactory position is the result of their determined stand for the canons of sound finance. It is the Finance Member's job to balance the budget, and in spite of criticism, much of it legitimate, the House will agree I am sure that he has done it well. I would also like to congratulate the Honourable Mr. Taylor—I am sorry he is not here—for the very lucid and precise way in which he placed the Budget before this House.

Most of the points which I might have made have already been made by the Honourable Mr. Miller and by the Leader of the European Party in the other House. I will not repeat those arguments but will merely say that I am substantially in agreement. There is one point on which I would like to make a few remarks, and that is the stamp duty on cheques. When I first heard of this, I was inclined to oppose it on the ground that it was yet another charge on business and the business community are determined to oppose all further charges upon them, whether large or small; but on further reflection, the charge is a very small one—7 lakhs, I think, spread out among all the provinces. It is in fact so light that it is perhaps hardly worth collecting, especially from the point of view of a province like Bengal which has suffered a deficit of 2 crores owing to the iniquitous financial settlement. I do not, however, wish to oppose this, because every little will help the province and it is the opinion of the commercial bodies which I represent that this charge is not likely to affect the progress of banking.

Sir, as regards satisfaction with the Budget, I must confess to be more of a Natesan than a Basu. I should like to emphasise the Honourable Mr. Natesan's point that however satisfactory the Budget may be from the point of view of ability to strike a balance and to maintain the credit of India, it is a most unsatisfactory Budget from the point of industry and of the taxpayer. According to the Honourable the Finance Member's statement imports of the last year were about 150 crores of which 110 crores were paid for by exports and 40 crores by the export of gold. On these imports, taxpayers have paid at his figure 38 crores by way of customs duties, in addition to a further 10 crores by way of excise duties and export duties. Such a heavy burden of taxation on such a low turnover is obviously unendurable for long. Turning to income-tax, I pointed out the other day elsewhere that taxation of income in this country is in certain circumstances actually higher than in Great Britain where the taxpayer is popularly disposed to pay the highest direct taxation in the world. Government must therefore not be surprised at continuous and pressing objection to the heavy burden of income-tax, in view of the fact that though a man has to work harder these days in business he inevitably earns less and the Government takes more from what he does earn. In the estimates for next year, the Honourable the Finance Member anticipates receiving some Rs. 50 lakhs more income-tax than he received last year due to the payment of taxation by the services. His budgetary officers doubtless know best, but coming from

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the province of Bengal where the three great industries, jute, tea and coal; are all in the depths of depression with very little sign of any improvement, it is difficult to see where that income is to come from. In the memorandum accompanying the Budget it is pointed out that a decrease of over a crore in the revised estimate of revenue in the current Budget from income-tax occurs mainly in Bengal and Burma due to depressed conditions in those two provinces and this must represent a decrease of taxable income of not less than Rs. 6 crores. That is only a measure of Bengal's hardship and there are at present no signs of improvement. Only to day I heard of another firm dismissing 100 of its office staff, European and Indian.

I could multiply instances to show the burden which is being endured. Perhaps it will reinforce the argument put forward by the Honourable Sir Mahomed Akbar Khan if I say that in 1922-23, when the total external trade of India was Rs. 628 crores, the total tax revenue was Rs. 67·38 crores, whereas now, when the total export trade is down, according to the Honourable Finance Member's figures, to Rs. 260 crores, taxation has risen to Rs. 78·15 crores. Trade has more than halved, but the total taxes are increased by 15 per cent. The ratio of the total tax revenue to the foreign trade was then some 10 per cent. and today it works out at about 30 per cent., so that by this criterion the burden of taxation is trebled.

May I give one further instance to show the manner in which this process works. Government have the gravest difficulty in running their own commercial departments at a profit in spite of the fact that they have monopolies. In the Railway Budget they raided the Depreciation Fund. I am not saying that it was not justified, but merely that they have done it. The contribution of the Railways to the General revenues is a sort of super-tax, but when the Railways are unable to pay their contribution Government merely do without it; but when commerce cannot pay, Government does not remit, but they pile on the taxes. Railways themselves on the one hand put a surcharge on railway freights and on the other hand they pride themselves on having knocked down the price which they pay to the raiser of coal by some Rs. 30 lakhs. Such action is driving industries of the country to destruction and it is merely a question of time if this sort of thing goes on before the sources of taxation dry up. Government this year have been unable to lighten the burden of taxation on industry. That in itself is bad enough, but the Honourable the Finance Member at the end of his speech shattered our hopes when he refused to embark on any items of capital expenditure which might be calculated to improve the position. In paragraph 101 of his speech he expresses the hope that :

"low rates of interest will provide a stimulus for the revival of capital expenditure; and that is the only sound way by which an exit can be found from the present depression".

He goes on to add the :

"hope of an industrial revival which will soon make it possible to reduce taxation. There is no other sound remedy for the present disease".

But unfortunately the Honourable the Finance Member does not practise what he preaches. He goes on in subsequent paragraphs to say that the Government does not intend to spend any money itself on capital expenditure although they see before them the future which will be entirely relieved of the embarrassment of meeting early loan maturities and they also see a period of cheap money. Commercial opinion is not by any means so sure that the Railways are being kept "fairly well abreast" of present needs to meet a

revival of trade ; that is the Finance Member's expression " fairly well abreast ". At any rate we welcome his assurance given in the other House that this matter will have further investigation. The Honourable Mr. Miller has appealed for a constructive programme. I would also like to press for it, to press for it in a literal sense. I consider that if Government wish to help this country out of this morass, the only thing for them to do now now that their finances are better is to embark on a programme of reasoned capital expenditure. When money rates were high and dear in the past Government were quick enough, encouraged no doubt by public opinion, to embark on costly schemes which in times of low prices are apt to become a burden to them. Between 1923 and 1929 when money rates and prices were high, Government spent I think Rs. 213 crores on Railway capital expenditure. I admit that nobody objected very much to this. This year, when opposite factors are working, they have stopped all expenditure. To adopt a simile, in the days of plenty Government freely irrigate the land ; in the days of famine they destroy all hopes by turning off the water supply. I strongly recommend to the Government of India that what is wanted at the present moment to bring life to industry is to reverse their policy and to embark on a bold programme of far-sighted capital expenditure. It is being done in Great Britain : why not here ? (*4th Honourable Member* : All over the world.) In several countries, I think. Let them reconsider an early beginning of such schemes as the Bombay-Karachi connection, the Calcutta Underground Railways, the Howrah Bridge and so forth. Now is the time when Government can admittedly raise funds at rates which they have not seen for very many years and when prices of materials are lower even than they were before the war in spite of the duty and other taxes which Government themselves add on to the value of goods. It will require high courage to embark on this but if Government wish to stimulate trade and to maintain its present level of expenditure, it is perhaps the only course which is likely to enable them to do so and will in the end prove an economy. Sir, if the Finance Member answers this question, I hope that he will not tell me to go where the Hudson's Bay Director was told to go.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK (West Bengal : Non-Muhammadan) : Mr. President, Sir, I do not think I would be honest enough if I do not say a word of congratulation to the Honourable the Finance Member for the clever way in which he has manipulated the finances of this country and has presented us with a balanced Budget when all the countries in the world are found faced with high deficit budgets. At the same time, I should be equally ungenerous if I do not congratulate the people of this country on the way they have withstood the burden of taxation and have in fact taken full advantage of the better price of gold in the world. The policy of allowing unfettered export of gold has worked well so far, a policy which has guided India through a period of quite unexampled difficulty without disaster. But, Sir, may I ask him what will happen when all this hoarded gold will be used up ? We are, so to say, living on our capital and some day or other we shall have eaten up all the capital. Simply relying on India's gold will not do. The times are so uncertain and abnormal that to venture to lay down an inflexible and unchangeable policy, however infallible it may seem, is rather risky. India is a vast agricultural country and offers a great market for the world's produce too. While she exports raw material to foreign countries she imports them as finished articles at a much higher price. Why not encourage the growth of national industry ? India consumes a great amount of cotton piecegoods and the quantities imported have shown

[Mr. Satyendra Chandra Ghosh Maulik.]

a great advance in the yardage from April to December, 1932 by about 30 per cent. upon the same months in 1930 and about 70 per cent. upon 1931. It is admitted that following the depreciation of the yen, a heavy fall in the price of Japanese goods has added stimulus to the import trade. The imports from Japan has been 257 million yards by August, 1932 as against 135 million in April to August, 1931, with an average value of 2·3 annas a yard against 2·6 annas in 1931. Even now, with the duty raised from 31½ to 50 per cwt *ad valorem* on non-British goods it has been found impossible to compete with Japanese piecegoods. I presume, Sir, that the Tariff Board recommended a heavy duty on foreign cotton piecegoods but the Government have not as yet so the rumour goes, thought fit to accept the recommendation. The acceptance of this recommendation would have brought some revenue to the State exchequer and would have directly stimulated the growth of that industry in India. At present the cotton piecegoods prepared in India cannot stand competition with cheap imported goods. When we cannot compete with such a country which exports her cotton piecegoods and dumps them on us, would it not have been proper for the Government to pass anti dumping legislation as has been suggested by my Honourable friend Mr. Basu, and the facts and figures which have been quoted by my Honourable friend Mr. Mehta, also strengthens my argument to follow anti-dumping legislation. Such legislation when brought forward, would mean a great benefit to the local mills and at the same time give a substantial amount as revenue.

Turning now, Sir, to the Ottawa pact, may I inquire what effect it has produced on our revenues? We were given to understand that it would help India a good deal. The jute of which we have 90 per cent. or more monopoly of the whole world and the duty on which would benefit India and we would realise a good revenue from the export of jute and such other merchandise. The oracle is silent on the monetary advantages which he expects of the Ottawa Agreement. From the trend of events during the past few months and from the Press reports we find from the Indian Trade Commissioner in London that India's trade with Great Britain has already shown every sign of further progress. We find from the papers that some of the merchant community feel a great relief in the fact and hope of a better financial gain from the Ottawa pact. May we not therefore think that the prospect in respect of this Agreement is more cheery and to feel confident of a greater surplus next year? It may be safely presumed that if the Finance Member had considered the gain from it there would have been no necessity of keeping on the 25 per cent. surcharge on income-tax and the Government would have been able to give relief to the people by way of reducing the taxation to a certain extent. Is it quite premature to presume that the gain would be quite of an appreciable character? The Finance Member has these up his sleeve and like a clever juggler would, I presume, instead of showing a surplus of half a crore next year would be able to show a much higher surplus figure. Whatever may have been the position of the Government in her loan operations and the reduction of a large amount of floating debt the people of the country have not been given any relief from the burden of taxation. The mournful tale of being crushed under heavy taxation is a long and agonising one. The agricultural indebtedness of the people has not been lessened in spite of agricultural adjustments. The taxation is there as before. Why then should the Government be so partial towards her own servants? Would it not have been more fit and proper to first reduce the poor man's burden before they gave any relief to their officers? The Government say that the extra amount necessary to restore the 5 per cent. cut is about Rs. 55½ lakhs. Look at the

number of assesses with incomes below Rs. 2,000 only who would have enjoyed exemption from taxation had not the partial cut been restored. The total estimate of collection from these is according to Government calculations over Rs. 50 lakhs. These men ought to have got preference over the Government officials 5 per cent. restoration of pay. After all, when commodity prices have gone below the pre-war level and the cost of living index is much less than it was 18 years ago, people with fixed incomes would not be very hard hit. It is a matter of great sanctity of contract with the Government to restore the pay which prevents them to look to the masses whose distress gold has brought relief to India's tottering credit! But what about the assurance that the Government gave in September, 1931 when moving the extra taxation? Did they not hold out hopes that the surcharges on income-tax would not remain beyond the time it was absolutely necessary to keep?

(At this stage the Honourable the President vacated the Chair, which was taken by the Honourable Mr. E. Miller.)

Could not the Government give relief to these by showing some amount of consideration by doing away with the income-tax on incomes less than Rs. 2,000?

Now, Sir, the Honourable the Finance Member has, I find, again resorted to stamp duty on cheques. This duty was done away with about five years ago. At the time when it was removed the argument was that it would encourage the cheque habit and would naturally make men more thrifty. Has this theory been exploded? Are not the people taking kindly to the cheque habit? We hear that it is reimposed on the distinct pressure from the Provincial Governments. May I ask the Honourable the Finance Member what would be the benefit the Provincial Governments would realise? Would it be a substantial sum? The cheque habit encourages thrift and keeping the money in the banks instead of keeping liquid cash would have helped the circulation of the money and would have benefited the bank to a greater extent. The relief to the provincial revenues will be meagre and will not be quite commensurate with the odium that the Government will bear.

The army side of the Budget, which I presume is the favourite preserve of the Government and a highly technical side, deserves some amount of criticism. We have been often told that the expenses in this branch cannot be reduced without damaging the efficiency of the fighting forces. Sir, may I enquire whether we are always to be ready to fight or to be well prepared for our defence? If it be the motto that "if you want to have peace, be prepared for war", then I have nothing to say. But, Sir, I may venture to point out that beyond a few skirmishes on the Frontier and maintenance of internal peace, the army have not much work to do. And for that, the existing strength of the army is a huge one. The cost of maintaining such a huge army is eating away a great amount of India's revenues. We were told that no retrenchment was possible in the army budget but in actuality we see that even there it has been found possible to retrench. My humble submission is that we can further retrench the expense on this side and bring it down to a more manageable limit. The prices of foodstuffs, the equipment and every thing have gone down and with the policy of Indianizing the army pressed forward with acceleration it would be found practicable to reduce the army budget and I hope our present Commander-in-Chief with his great sympathy for the Indianization scheme would not stand in the way of further reduction in the army budget. If we are honest about it we can always find means to do it.

[Mr. Satyendra Chandra Ghosh Maulik.]

In fine, Sir, looking at the Budget from its main points, we do not find it very much assuring. It is indeed a great effort to meet with the situation before us. The rosy picture ahead is absent and who knows that the calculations and expectations would not be falsified by the future trend of events. The world is in a whirlpool and the little beacon light which we see at a distance now may after all be an illusory one and we might be taken on to shoals and broken rocks ere the ship is towed home to a safe haven. I would therefore venture to put forward that a more substantial surplus should have been put forward ere we could indulge in disturbing the old arrangements arrived at 18 months ago.

This Budget, in respect of giving relief to the poor taxpayers is a hopeless one inasmuch as the same taxations are in existence and is therefore a disappointing one too.

*THE HONOURABLE SATYED MOHAMED PADSHAH SAHIB BAHADUR (Madras: Muhammadan): Sir, before I make my own observations on the Budget, I should like to meet some of the arguments which have just been advanced in support of the military expenditure. It has been said that the military expenditure stands at its high figure because of the fact that there are some pensions to be paid which were not being paid before the war. I ask whether even before the war some pensions were not paid, and has not the period that has now elapsed after the cessation of the war resulted in causing some of those pensions to cease? Some of the pensioners would have died and the amount which used to be given to them would have now become available for the pensions which have accrued subsequently. Again, Sir, even if the amount of pension is somewhat bigger than what it was before the war, the catastrophic fall, the phenomenal fall, in commodity prices must have tended also to bring down the expenditure. I am therefore entirely at a loss to understand how the expenditure which stood at something like 20 crores and odd before the war has risen to something like 60 crores and odd, which was the figure only a few years ago? But, Sir, I shall not be fair if I do not express my thanks and the thanks of the whole country to His Excellency the Commander-in-Chief for what he has done to bring down the military budget. Sir, it is gratifying to find that the 2 crores of rupees which we expected last year would have to be restored to the military budget have not been added. Besides, there has been a further saving of nearly 54 lakhs in the military budget. To this extent, His Excellency the Commander-in-Chief has placed the country under great obligation. But, Sir, I would submit that there is still room for further reduction. The military expenditure is still far in excess of the requirements and the capacity of the people to bear the burden.

Sir, one of the ways by which this expenditure could be brought down would be by speeding up the process of Indianization. From the instances that have been quoted by my Honourable friend Mr. Natesan, it is patent how the military authorities are extremely tardy in making any progress in this direction. It is, therefore, highly necessary that His Excellency the Commander-in-Chief should keep himself wide awake and see that every possible effort is made to Indianize the army.

Now, Sir, as regards my view of the Budget, the Honourable the Finance Secretary rightly deserves the congratulations that have been offered to him. In presenting the Budget for the coming financial year in this House he displayed consummate skill and ability in trying to make the best of a very

* Speech not corrected by the Honourable Member.

bad bargain. Sir, despite several features in the Budget which are extremely disappointing from the point of view of the people, it cannot be denied that the Honourable Finance Member has achieved great results. Great credit is due to him for the great ability and marvellous courage and sagacity with which he has been piloting the ship of the country's finance through the troublous waters of severe trade depression and most unsatisfactory economic world conditions. If there are any defects in the Budget, Sir, they are due to the defect in the system, they are due to the weakness inherent in the financial policy of the Government of India. Sir, the tendency of this policy has always been to allow expenditure to grow out of all proportion to income. It is this tendency, Sir, which resulted in the increases that have been made in the burden of taxation which has now become almost oppressive. Sir, it is this tendency which has been the cause of large and frequent deficits, which is a normal feature of the Government of India budget. But luckily, and thanks to the efforts of the Honourable Finance Member, we are budgetting this year for a surplus however small. But, Sir, very little satisfaction can be derived from a surplus of the kind we are now having, when we know that it has resulted merely on account of the heavy taxation under which poor Indians are groaning. Sir, unless the financial policy of the Government of India undergoes a radical change and expenditure is kept well within the bounds of income, there does not seem to be any likelihood of salvation for the country, any stability of the financial position or any relief for the poor taxpayer. Nevertheless, Sir, as I have remarked, the Honourable Finance Member has achieved remarkable success in adjusting the financial position of the country. Not only has he succeeded in wiping out large deficits, but he has also secured a surplus for the coming financial year. The measures which he devised last year to meet the emergency have not only helped Government to pay their way but they have also provided a sum of 4 crores and odd for the purpose of reducing the public debt. The credit of the Government stands very high. Government securities have gone up appreciably. This is by no means a mean achievement. But I would submit that the regulating of the public finances is not the end-all and be-all of the State's concern. The economic condition of the people has also to be looked to. By the irony of things, while the credit of the Government stands so high, the economic condition of the people has touched the lowest possible depths. Right underneath the seemingly stately structure of public finance its very foundation, the economic condition of the people, is breaking down every moment. Therefore, if we do not want this beautiful structure to topple down, we must take immediate steps to strengthen the foundation.

(At this stage the Honourable the President resumed the Chair.)

As has been remarked by my Honourable friend Nawab Major Sir Akbar Khan, India is an agricultural country and no improvement could be effected either in the economic condition of the people or in the position of the public finances unless and until the lot of the agriculturist is improved. Sir, it is all very well to proclaim from the floor of this House or elsewhere that the financial position of the country is very sound and strong, but this gives no solace or comfort to the poor agriculturist who finds his own position weakening every day and his income diminishing steadily. Therefore, Sir, it is highly desirable that immediate steps should be taken to ameliorate the lot of the poor agriculturist. Now, Sir, the Honourable Finance Member derives satisfaction from the fact that the consumption of some of the necessaries of life, namely, kerosene, salt and piecegoods, he finds to be somewhat in excess of the level for the last ten years. He at once jumps to the conclusion that there has been no lowering of the standard of living in the country. But he

[Saiyed Mohamed Padshah Sahib Bahadur.]

forgets the fact that during those ten years there has been a considerable addition to the population of the country, and the increase which he has noted in the consumption of those necessities of life is far short of the proportion of increase to the population of the country.

Sir, it is a pity that the improvement in the public finance has failed to bring any relief to the taxpayer in the country. The taxpayer, who is thought of first whenever any extra burden has got to be shouldered to ease the difficulty of a budgetary position, is invariably forgotten whenever any benefit is to be derived from an improvement in the finances of the country. Sir, it was essential that the Government should have seen their way to utilize a part of the surplus in mitigating some of the hardships of the taxpayer. It was highly necessary that they should have provided for the late taxable minimum to be restored. They should have restored the old level of Rs. 2,000 a year in place of the present level of Rs. 1,000 a year. Again, when just about a month back Government announced a 5 per cent. restoration in the cut, it was expected that the Budget which was presented at the end of last month would provide for some relief to the taxpayer. But in that too there was disappointment in store for the people. It was highly desirable, Sir, that along with this partial restoration of the cut in salaries provision should have been made at least to remove the surcharge on income-tax. India, Sir, is a very poor country. It has been ground down by a very oppressive burden of taxation. In the absence of the concessions that obtain in other countries, in the absence of the right of the assessee to carry over his losses to the next year, and in the absence also of the allowances made elsewhere for the maintenance of the assessee and his family, in the absence of all these concessions and the very stringent and strict way in which income-tax rules are applied, the present burden of taxation is pressing very hard upon the poor Indian. This is one of those factors which has contributed to the crushing down of industrial enterprises in the country; this is crushing down every form of activity which is calculated to develop the resources of the country. When I talk of industry, I should like, as has been done by most of my Honourable friends who have preceded me, the necessity of passing an anti-dumping legislation. After the powerful and persuasive speech that was made by my Honourable friend Mr. Mehta, I think it is hardly necessary for me to dilate on this. I would simply conclude my remarks on this aspect of the matter by asking Government to try and bring in anti-dumping legislation as early as possible.

Sir, just one word more and I have done. It is very distressing to find that the balance of trade is unfavourable. Sir, this is a very serious matter, in view of the fact that an unfavourable balance of trade is a necessary condition precedent to the inauguration of federation and self-government in the land. The Committee on Financial Safeguards which finished its work recently in London had stated as one of its conditions that the surplus of exports over imports should be well established before there could be any possibility of a reserve bank being successfully established in the country. Sir, as we are all aware, a reserve bank is a condition precedent to the inauguration of federation in the land. It is therefore highly necessary that every possible endeavour should be made to turn the balance in favour of the country.

Sir, I would conclude with the hope that has been expressed by most Honourable Members here—I hope that the Honourable the Finance Member may be persuaded to stay on after the expiry of his term of office and that His Excellency the Viceroy will be pleased to recommend to the Secretary of State

the desirability of extending the term so that during this very important period just before federation is inaugurated in the land the finances of the country may be well and ably handled by the Honourable the Finance Member. (Applause.)

THE HONOURABLE SIR GEORGE SCHUSTER (Finance Member): Sir, I thank you very much for giving me an opportunity to speak at this stage. I notice, if I may say so, with great satisfaction that there has been so much interest in this subject that many other Honourable Members still wish to speak and I trust that my speaking at this stage before the debate is finally concluded will not be regarded as a discourtesy. I have another engagement and I had not anticipated the debate extending beyond half past five.

Sir, I would like to say at the outset that I notice certain changes in this familiar scene, some of them desirable, some certainly the reverse. One important change, Sir, is that you now occupy a different seat to that which I have been accustomed to see you in. That you should occupy such an exalted position is, if I may say so, very desirable, but, Sir, that you should be absent from the discussion of the Budget and that we should no longer hear your illuminating discourses on the financial situation of the country is, if I may say so, extremely undesirable. I notice another change, and that is, that the House seems to have grouped itself now into Parties. I gather that from the seating arrangements. Whether that is desirable or undesirable I would not venture to express an opinion about.

Now, Sir, dealing with the speeches which have been made, I must say at the outset that I do very greatly appreciate the personal courtesy which has been extended to me by all speakers in the course of the debate. They naturally do not like a great deal of the Budget proposals, but I must say that they have without exception dealt with them fairly and phrased their remarks in such a way as to render them as acceptable as possible to myself. I am most grateful to them for the courtesy which they have shown. Now, Sir, I think it is fair to say when one sums up criticisms that have been made, when one analyses the causes on which they are based, that they really reveal dissatisfaction with the fate with which we are now afflicted rather than dissatisfaction with the particular way in which the Government is proposing to deal with that fate. We are—and here I am in exactly the same position as every Honourable Member of this House—suffering at present under most terrible difficulties. Naturally we do not like it and the only question which we have to ask ourselves is whether we are meeting those difficulties adequately and in a way which puts the least possible burden and distress upon this country. My Honourable friend, Diwan Bahadur Narayanaswami Chetti, voiced the general feeling of regret in the country that no hopes were held out in this Budget of a reduction of taxation. Sir, no one feels that regret more than I do, but in the circumstances it was impossible to hold out such hopes and I should have been deceiving the country and the Legislature if I had said anything which could be interpreted in a contrary way. My Honourable and gallant friend, Major Nawab Sir Mahomed Akbar Khan, advanced what was to me a new idea, that the success of an emergency measure must be tested by its having achieved a termination of the emergency. Sir, when the emergency is one beyond our control and when our measures are designed to produce financial equilibrium in the face of that emergency, surely their success is to be tested by whether they produce financial equilibrium? It is a little hard to ask us also to play the part of all-powerful Providence and terminate the emergency

[Sir George Schuster.]

I think, Sir, those remarks which I have selected illustrate very clearly what is the general sense of everybody who has to reflect on this present situation. Now, what really is our position? I think we may say that we have successfully weathered the storm so far. In that success I am the first to admit that good fortune has played a considerable part and I would be the last to say that relying on that success the time had now come when we could relax our efforts and feel that we were past all our trouble. I think any Honourable Member who has studied what I said in the other House in introducing my Budget will have formed that conclusion on my own views of the situation. Now, Sir, I would like to say something about this weathering of the storm. In the first place, I wish most gratefully to acknowledge the support which I have had from the Legislature in pursuing a policy of sound finance. Sir, we have differences of opinion as regards details. Honourable Members sometimes have criticised some of our proposals for taxation. Some of them have thought that we could have got on with less taxation if we had tackled the problems of retrenchment more effectively, but I think it is fair to say that on one point there has been complete agreement and that is that our policy should be a policy of sound finance. And although the House has, as I have said, differed to some extent in detail with us nevertheless they have in the final end accepted our proposals. The country moreover has played up in a remarkable way and I quite agree with what has been said by several speakers that it is to that that we mainly owe the success which has been achieved so far.

Now, Sir, in the second place, as regards this weathering of the storm, I have tried myself to study what has been happening in the country and how it is that we have done so. And in my Budget speech I prepared a sort of analysis of the situation trying to call the attention of the Members of the Legislature and of the public that reads one's speeches to certain salient points in what has been happening during the last 15 months. Now, Sir, there has been some misunderstanding of my purpose in doing so and of my interpretation of those events. I was anxious to put an objective statement of the facts before the country and I felt myself that some of the points to which I called attention did present very interesting symptoms. But I do dissent from those Honourable Members who have read into what I said that I derive any particular satisfaction from those results or that I was trying to paint a rosy picture or was unduly optimistic. It is—and you cannot get away from it—it is a very remarkable fact that in the 12 months of 1932 the imports and local production of cotton piecegoods attained such a very high figure. It is a fact which deserves further study. The figure showed 118 per cent. of the average in the ten years 1920 to 1930. Now, I quite accept the point which has been made in debate that we must take also into account the growth in the population since the earlier period; but I would remind Honourable Members that that period which I took was the period from 1920 to 1930 and therefore one may assume that the average population over that period was the population as it was in 1925, the middle date, and therefore the increase in the population between 1925 and the beginning of 1932 was probably not very much more than 5 per cent. Therefore, the increase in the imports and local production of cotton piecegoods was very much larger than the increase in the population. There is an actual objective fact. What conclusions we are to draw from that requires further study. Now, I was very much interested in what my Honourable friend Mr. Mehta said about the present position of the cotton industry in this country. It is quite possible, if he is correct and if we are

now suffering in India from overproduction and the difficulty of disposing of goods, it is quite possible that in the 12 months of 1932 India for various reasons imported and herself manufactured more cotton piecegoods than the country could during that period properly absorb. If that is so, then we must anticipate some reduction both in the production and in the import of foreign goods in the course of the next 12 months. That is a very important matter to study and go into. It is quite possible—and indeed we ourselves have faced that possibility in our estimates—that we may get less revenue from the import of cotton piecegoods next year. Whether we have allowed less or more for that than will actually be necessary it is really impossible to say and I would remind the House of what I myself said in my Budget speech that accurate estimation is under present conditions absolutely impossible. The whole world is affected by such abnormal conditions that no one can look forward with certainty or such certainty as is normally possible—and put forward reliable estimates of revenue under the head of customs for 12 months ahead. That, Sir, is very important to remember and I would remind everyone who is considering what our policy ought to be in the present conditions of that uncertainty and therefore of the necessity of preserving as great a margin of security as we can. And that really leads me to the main point which I have to make and that is this. We may draw our own conclusions from what has been happening. We may view the export of gold with alarm or we may see in it a circumstance which has helped the country through a very difficult period and has not yet attained any dangerous dimensions. We may be optimistic as regards the future or see the blackest side of everything and think that the country is rapidly driving towards ruin and disaster. But I do believe, Sir, that, whatever view is taken, there can be very little doubt that as regards the practical action which is necessary at present, the practical budget proposals that I ought to have put before the country it would be really impossible to depart very far from what I actually have proposed. And I seem to draw from all the speeches which have been made both in this House and in the other that very definite conclusion that, however Honourable Members may criticise particular features or criticise my appreciation of the situation, there is general agreement that in the present circumstances we could not come before the country with proposals that differ very widely from those that we have made. I hope, Sir, that I am right in that conclusion. I hope, moreover, that those proposals will be adequate to meet whatever may develop in the future. But I want to make it very clear to the House

5 P.M.

that in taking that line we are not influenced by careless optimism. Our attitude is not one of thinking that we have overcome our difficulties or that we need not face further difficulties in the future. We have got to watch the situation very carefully. We have got to be prepared for whatever may come, and I believe that our preparations in the end will prove adequate. In that connection I fully agree, Sir, with something which was said by my Honourable friend from Bombay, Mr. Miller. When speaking on the present state of affairs he said that it seemed to be assumed that the present depression was an ordinary trade cycle and that therefore the process of recovery might soon come. I think it is necessary to recognise that the present economic emergency is not just merely an ordinary trade depression. It has been produced by a combination of circumstances for which there has been no parallel at least within our own memories, and it would be foolish to prophesy that it would follow the course of normal trade cycles and that there would be a complete recovery to such levels of prices and general activity as we had come to regard as normal after the war. I think we have got to consider our policy for the future with that sort of appreciation of the position.

[Sir George Schuster.]

That being our general view of what the state of affairs is, I might perhaps take a few points from the speeches which have been made which illustrate my general line that in the present circumstances we could not really do anything very different to what we are doing. My Honourable and gallant friend from the Frontier made one of his usually inspiring and vigorous speeches and he chose a very attractive motto for his remarks. The leading motive in what he said was, "Back to pre-war". Well, Sir, I wonder how many times I have gone to His Excellency the Commander-in-Chief and said, "We are at pre-war levels now as regards prices; you must get your military budget back to the pre-war level." There is no time tonight to take the House through all the reasons why it is impossible to get back to the pre-war level. Many of us would like to get back to pre-war levels in many ways. Even my Honourable friend may not find it in his personal affairs quite possible to get back to those younger days before the war. I wonder, for example, whether my Honourable friend can wear his pre-war uniforms. (Laughter.)

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN: You must cut your coat according to your cloth.

THE HONOURABLE SIR GEORGE SCHUSTER: I quite agree, Sir, that one must cut one's coat according to one's cloth, but that does not enable one to wear one's pre-war clothes. (Laughter.)

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN: I have worn my coat for a longer duration than that.

THE HONOURABLE SIR GEORGE SCHUSTER: My point is, I am sure my Honourable friend will recognise, that certain things have entirely changed since the war. We cannot go back on the past. My Honourable friend knows very well what the army organisation was before the war. He knows very well what the old "silladar" system was, how it was found unsuitable for operations in a great war and how really impossible it would be to revert to that system now. He probably knows as well as I do that the actual fighting troops—British troops—are 16,000 less than they were before the war. He knows the standard of organisation which it is necessary to maintain now, combined with the additional charges for war pensions, air force, etc., mentioned by my Honourable friend Sir Edward Benthall. He knows really what unavoidable charges have come upon the army. If we were to get back now to the pre-war army budget, it would be necessary to effect very substantial reductions in the troops. Possibly that may have to be faced, but I do not believe that my Honourable friend would welcome it very much. And that, Sir, is one practical illustration of the practical difficulties of dealing with the present situation.

Now, Sir, there is one speech which I would like to take as illustrating and having brought out in a very able way many of the points which have been made by other speakers. I refer to the speech of my Honourable friend from Calcutta, Sir Edward Benthall. He said amongst other things—and I mention the small points because it shows really how, in whatever way we look at it, we are brought on practically every point to the same conclusion—he said that Government must not be surprised at continuous objections being raised to the present level of the income-tax. Sir, Government are not at all surprised. He said that possibly our income-tax estimates were too high.

Again, I say, possibly he is correct. But in the circumstances what would he have me do? Would he have me reduce my income-tax estimates and put up the rates of income-tax? I think, Sir, that is not a suggestion which he would make. Then again, he analysed in a very striking way the figures for trade—the volume and value of trade—in comparison with tax revenue. Again, I entirely agree with his method of presenting the case and with the conclusions which he draws from that presentation. I would remind him of a statement very much on those lines which I myself made in dealing with the Indian situation in a speech which I made at the Ottawa Conference. We fully recognise that in relation to the present level of economic activity, the burden of taxation is terribly heavy.

Then, Sir, he compared the Government's position as regards its own commercial concerns with the position of private commercial concerns. I did not derive very much help from that comparison. But the conclusion to which my Honourable friend's argument led was that Government by their policy of heavy taxation was really not giving commercial activity a chance and was driving commercial enterprise to destruction. Well, Sir, I would in all seriousness ask my Honourable friend and every one else in this House who is interested in commercial enterprise to consider the argument which I developed in the last paragraphs of my speech in the other House. I know that income-tax is a heavy burden on industrial and commercial enterprise at present. But would those who make their living by industrial and commercial enterprise and who have to speak for the interests of all who are engaged in those pursuits, would they really welcome a policy of unsound finance on the part of Government? Would they really feel that if Government were to remit the burden of taxation and meet its expenditure by borrowing instead, following the example of many countries today, would they really feel that that was in the long run going to help their interests. Would they not rather protest that we were heading for that stage which I envisaged in my speech, the stage in which Government securities would decline, rates for interest would rise and in which in the long run it would be necessary for the Government to come in and impose still higher burdens in order to recover the ground which had been lost. Sir, I do not believe that an extra 5 per cent. on the income-tax is a burden, a handicap on trade and industry in any way comparable with the damage that Indian trade and enterprise might suffer if we followed the unsound course. Again, Sir, I do feel convinced that my Honourable friend would recognize that what the world is suffering from today, what his own business is suffering from today, is not the burden of taxation. If he could sell 100 per cent. of his 1928 level of jute products to America, if the American market was not wholly dead at the present moment I do not believe my Honourable friend would object to paying that extra 5 per cent. on his income-tax. And it is not the income-tax which is stopping him making his sales. It is the condition in which the whole of the world stands today.

Now, Sir, perhaps the most encouraging incident of this whole debate is that my Honourable friend, to whose speech I am now referring, was only able to make what sounded to me to be effective criticism of my position by completely misrepresenting that position. Sir, I refer to what he said as to the policy which I indicated in the field of capital expenditure. He complained that I did not practice what I preached and that, as indicated in my Budget speech, I showed that the Government were not contemplating anything in the way of capital expenditure. Now, Sir, I would like to read my Honourable friend what I actually did say. Having explained how we

[Sir George Schuster.]

hoped that conditions of cheap money would enable industries to undertake capital expenditure, I said :

"Let me say also a few words as to Government's own policy in these matters. We believe that the time is coming when our own position will be so strong that we can safely contemplate relaxing the restriction on capital expenditure which we have had to impose during the last few years. With the success of our conversion schemes we are gradually approaching a period when we shall be entirely relieved of the embarrassment of having to meet heavy loan maturities each year. Once that stage is attained we shall require to raise only a very small amount of money from the public each year in order to support quite a substantial programme of capital expenditure".

Now, Sir, I think my Honourable friend knows from his acquaintance with me that I am usually rather cautious in my statements and I am very unwilling to promise more than I can perform or to create expectations which I do not think likely to be realized. I am sure he will also appreciate that it would be very unwise for the Government to hold out any optimistic hopes of what they can do at once in the way of capital expenditure, because he knows from his own experience of business what a long time it takes to get projects under weigh, even if all the plans are ready. Now, Sir, my Honourable friend was helpful in actually making some suggestions as to capital expenditure schemes on which we might embark. He advised us to embark upon "a bold programme of far-sighted capital expenditure". Sir, what attractive words ! And how I envy the critic of Government who can get up and use phrases of that kind without having to find the means of putting them into execution ! I, too, Sir, would like to embark upon "a bold programme of far-sighted capital expenditure", but I am not in control of the spending departments, and when I come to my Honourable colleagues and tell them that I am now prepared to consider a bold programme of far-sighted capital expenditure, I find very few schemes ready to take advantage of that opportunity. Sir, let me examine the very schemes that my Honourable friend mentioned. He mentioned, for example, the Howrah bridge. Now, Sir, my Honourable friend is very familiar with conditions in Calcutta and I should like to ask him whether there is now a cut and dried scheme for a new Howrah bridge, the technical details of which are settled to the satisfaction of every responsible adviser of the Government. If I told them, "Here you are ; you can have 2 or 3 crores for building the Howrah bridge," are the Bengal Government in a position to call for tenders ? I think my Honourable friend knows the answer. They are not. They might be ready to call for tenders, say, next September, if they are able to find a solution to the very great technical difficulties which exist in the way of providing a satisfactory method of construction for the Howrah bridge. Then, again, my Honourable friend mentioned the Bombay-Sind connecting railway. Well, that was a project which a few years ago was on the list of those which might have to be undertaken in the course of the next few years. I think on all the *prima facie* grounds that is a project which ought to be undertaken. But before we can really embark upon that we require a new traffic survey of the area to be served. I think I am correct in stating that the railway authorities are making arrangements now to have that traffic survey carried out as quickly as possible, because it is already some weeks since I told them that on financial grounds I thought that work of that kind could be considered. Therefore that particular project is now being tackled and will be got on with as quickly as possible. Then there is another fruitful field of expenditure, and that is in the development of roads. There, as my Honourable friend knows, we propose at the earliest opportunity after

this session is over to take advantage of the survey which has now been made of the position and have a conference at which all the main interests will be represented, in which we can consider whether a bold programme of far-sighted capital expenditure on roads is feasible. Sir, if it is feasible, as far as money is concerned, I think the Government are now in a position to finance it. But it is necessary for us to be satisfied that in raising capital on which interest has to be paid we are going to increase either directly or indirectly, the economic productivity of the country, so that the capital expenditure may not become a deadweight on the country in the future. Unless we are satisfied on that, then, even though capital expenditure might bring an immediate benefit by way of giving employment, it will be a dangerous form of stimulant to give to the patient and in the long run he would be much worse for it.

Now, Sir, it is of course impossible—and I am sure the House will realise that—for me to deal with all the points that have been made in the various speeches. I can assure this House that I have listened with very great interest to the speeches that have been made and I can assure them that the point of view of the critics of Government is fully appreciated. We fully realise that the present burden of taxation is heavier than the country could be expected normally to bear. We fully realise that if the present emergency does not prove to be a temporary one we shall have to review the situation again and that, Sir, I think is all that I need say. I would only like to say in conclusion that I hope I am right, and indeed I feel that I am right, that the Indian Legislature, both the Lower and the Upper Houses, are behind the Government in their determination to pursue a policy of sound finance. (Applause.)

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : What about export duty on gold, Sir ?

***THE HONOURABLE MR. Y. RANGANAYAKALU NAIDU (Madras : Non-Muhammadan) :** Mr. President, the Honourable the Finance Member in his Budget speech said in the concluding paragraph that while the world was floundering in the gravest trouble and distress, "India has reached a position in regard to her public finance which challenges comparison with that of any other country". This he said was achieved by "the strong reserve forces of the Indian people". But, Sir, there is a limit to the reserve forces of the Indian people. That limit, I am afraid, was reached last year. That the taxpayer gets no relief this year and that no definite promise is made as to when he will get the relief makes the financial picture look gloomy.

The Finance Member has been painting a glowing picture for the last two years of the capacity for resistance of the Indian people even though he has admitted the diminishing purchasing power without which they could not live up to the style to which they have hitherto been accustomed. I am afraid there is no justification whatever for that glowing account. India which lives in the villages and cottages is on the verge of something like a money famine. Even though the price of commodities has come down, the capacity to buy is reduced beyond description. People are on the verge of starvation. The golden ornaments of men, women and children are being sold to keep the wolf from the door. Where, where indeed is the capacity of the people for resistance. The poor agriculturists are selling their cattle and the farmers their farms—not necessarily for cash but to the creditors—and several people their house. Never, Sir, never in the long annals of Indian history have people been face

* Speech not corrected by the Honourable Member.

[Mr. Y. Ranganayakalu Naidu.]

to face with the tragedy which is being daily enacted out in the villages. There is growing indebtedness and incapacity to redeem the debts. Even the silver and brass utensils are being sold to keep the pot boiling. How long, I ask, is this poverty and misery to continue? There is no silver lining vouchsafed by the Finance Member in the thick black clouds that have floated into the sky. Mud vessels and cheap aluminium are replacing the silver and brass vessels in almost every household in the villages. Even the natural tendency of the people to resign themselves to fate is reaching its limits—for sheer despair stares them in the face. We have little consolation indeed in the Finance Member's placid assurance that India's financial credit occupies a position beyond comparison in the world. What consolation is it to the people who find they have no means of existence while the costly administration continues to be as expensive as ever. It is necessary to bring down the expenses of administration in every manner and by every method in all the departments.

The Honourable the Finance Member spoke with gladness of the export of gold, but I wonder whether this is not a case for more sadness than gladness. The Finance Member was glad of the gold export because he maintained that it has resulted in the increase of imports. He congratulated India for releasing into the world "a commodity for which alone there is an undiminished market". And this commodity we are told is gold. By exporting India's gold our Finance Member tells us that India has increased the purchasing power of her customers. She has really purchased her imports with gold instead of purchasing them with the exports of her raw materials which are accumulating unsold and whose prices have become ridiculously low. By selling gold, the original holder of it has sold out his capital and has practically nothing to fall back upon. He has not exchanged gold for another form of investment as the Honourable the Finance Member appears to think. The large quantity of this gold comes from the necks of our women and children in the innumerable villages of India. If there has been an increase in the post office cash receipts, that does not necessarily argue that the people who have parted with gold have converted it into money. For aught we know, the post office cash receipts may be the investments of middlemen who may have been benefited in negotiating the sale of gold and golden ornaments. They may also be the income of the members of the services and servants of the Government who have to spend less as the price of foodstuffs and cloth and other things has come down.

The Honourable the Finance Member has not much to congratulate himself about our export trade especially as one of our —

THE HONOURABLE SAYYED MOHAMED PADSHAH SAHIB BAHADUR :
Sir, is there a quorum for the meeting to go on?

THE HONOURABLE THE PRESIDENT : Order, order.

THE HONOURABLE MR. Y. RANGANAYAKALU NAIDU—especially as one of our important items of export has been gold itself instead of the usual commodities. Gold should have been a basis of currency as a precious metal but in the case of India it has taken the place of a commodity! The Honourable the Finance Member has resisted the public appeal to place an embargo on gold, but may I ask why it did not occur to him to impose a substantial export tax on gold which would have proved beneficial as it would have been a large source of income to the State? Had he taxed the export

of gold, substantially, or even to a small extent, he could have given some relief to the taxpayers especially as gold has been exported to as large an extent as to cost 107 crores. If that tax had prevented the large outflow of gold, gold would have remained in the country. If on the contrary gold had flowed out, increased imports would have come as they have come and also increased revenue in the shape of the gold tax.

Sir, before I conclude I must say the high taxes are beyond India's ability to pay. Look at the insolvency cases whose number in the last two years has increased much more than in the previous years. The Finance Member should have attempted to bring down the taxes for the people are in unspeakable financial trouble. There are many who are not declared insolvents paying one anna and two annas in the rupee and postponing the evil day.

The agricultural population who are not able to pay *kist* are exposed to the hardships of having their cattle and chattels attached owing to the low price of commodities and inability to sell the foodstuffs locally and owing to the high freights preventing their transfer from place to place. Their circumstances are so bad that they cannot pay existing land revenue and badly need remissions. The landed properties of many people are pawned to the money-lenders and if this state of things continues for two years and if they are not able to pay *kist* as they will not be, the lands will go to the Government themselves. Therefore I appeal to the Honourable the Finance Member to show some real concessions and save the people from their misfortune.

Lastly, the services are too expensive for the country to maintain. However painful a pay cut may be, after all the men in the services have security of tenure which businessmen do not have when business suffers as it is suffering now. The services will have to prepare themselves for the day when there will be a general cut in their salaries suitable to the capacity of a poor country like India to pay. Those who are to enter service anew must be prepared for lower salaries. And the Government must enunciate a new policy and make a new declaration to meet the increasing impoverishment of the country.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR:
Is there a quorum, Sir?

THE HONOURABLE THE PRESIDENT: There are already 16 Members here and the President is not bound to close the debate. It is a matter of his discretion.

THE HONOURABLE MR. V. C. VELLINGIRI GOUNDER (Madras:—Non-Muhammadan): Mr. President, Sir, thanks for affording me an opportunity to say a few words on this occasion. I shall confine my speech to one or two points. The Honourable Finance Member has very thoroughly and ably explained in his Budget speech the position of our country. The special measures taken and policy adopted by Government for the past two years have been proved to be quite satisfactory and that the credit position is sound. He has further shown us that the country faced the economic depression quite well and the masses whose welfare the Government has always at heart have been able to face the situation wonderfully well. And the Honourable Finance Member agrees also that it may not be possible in the future that the people will be able to manage to keep their standard of living and if the present low prices continue, the problem will become serious. We are glad, Sir, that the Honourable Finance Member has correctly understood

[Mr. V. C. Vellingiri Gounder.]

the position. The price level appears to continue very low and the opinion of experts day by day and day by day circumstances we experience confirm the position. No, then, may we ask the Honourable the Finance Member, while he sees and feels so clearly about the future, is it not regrettable to find no where in his speech what should be the remedy and how we are to solve this admittedly serious problem? The land tax has already become a great burden on the *ryots* due to the lowering of prices of the produce for the past three years.

The export of gold which is the lifeblood of the country, the Honourable Finance Member says, has done immense good to tide over the present difficulties which the Government had to face to maintain their finances sound. May I invite the attention of the Honourable the Finance Member to the fact that the position among the middle classes and masses is that selling away their gold (ornaments) means, it is the last thing they can do to maintain their position in the case of the former, and, in the case of the latter, maintaining their soul and body together; so it has become an admitted fact that the country has come to such a position.

While this is so, may I ask the Honourable Finance Member is this a time to increase the burden of administration by restoring the salary cuts, continuing emergency taxes, adding new taxes and also searching ways of imposing more taxes? I must submit, Sir, the country is quite unable to bear the present taxation under the present conditions. But the Government is not only unable to reduce expenditure but want more money. May I ask the Honourable the Finance Member is he afraid to think, that the world would laugh at him, saying that this Budget is not a creditable or scientific one,—showing on one side that the credit position of Government is quite sound and great savings made under debt redemptions, arranging on the other side to go on borrowing for some object or other. These appear to be the common procedure of Government. This is what is generally felt by laymen like me and it is a puzzling thing to understand what this means.

It may be quite right to say, when making comparisons with other countries of the world, one country is far better in all matters, *e.g.*, administration, finance, debt burden, etc. But this country is not like all other countries. There is complete difference between India and all other countries in many ways, *e.g.*, manner of living, habits, feelings, outlook, etc. If we say that the masses of India are maintaining their position and standard of living, it is due to their methods of adaptability to the times by long inherited practice, but not, as the Honourable Finance Member observes, that they are maintaining their position through the accumulations reserved during the past best times. No doubt several departments of Government are created—what are called nation-building departments in the Central and Provincial Governments, but the doings of several of them when closely inquired into will be found to be that they are hardly worth preserving except it be for supporting a certain number of highly paid officials and wasting the ratepayers' money. Another thing is that these departments' work is to copy the methods of other countries and cause unnecessary failures and losses by experiments.

There is no denying the fact that Government does these things with good intentions for the benefit of the country, but the fact is that the Government machinery has become and is becoming more and more complicated; responsibility, co-ordination, and such things are going out of fashion. We have had any number of commissions, committees, boards,

tribunals and what not for several decades past to set right matters and inquire into details for better work, but I may not be far wrong if I say that the good that came out of them for the country is out of all proportion to the money spent upon them. The only important matter the country may note with satisfaction is that some attention was paid by Government to the creation of the Imperial Council of Agricultural Research. As a *ryot* I note with gratification that the Honourable the Finance Member has found it possible to give a supplementary grant of Rs. 5 lakhs to the Imperial Council of Agricultural Research in the current year, thus restoring the sum which was withheld in the Budget. The Council is one of the wholly beneficent activities of the Government of India and I am expressing the feelings of the agriculturists when I say that Sir George Schuster will continue to give the annual grant without intermission to the Council. This body, in the space of its three years' existence, has established itself in the confidence of the provinces and the public and unless it can rely on a regular annual grant its work must be impeded. Five lakhs is a small sum to allot for agricultural research in a country which is perhaps the greatest agricultural country in the world, and I hope that when normal times return, Government will double the grant. In this connection, as an agriculturist myself, I desire to emphasise the importance of providing subsidiary occupations for the *ryots*. It would be well if the Department of Industries could concentrate on this, as large-scale industries are able to look after themselves without the support of Government.

While I recognise the value of the service rendered to the Indian sugar industry by the Sugar Committee of the Imperial Council of Agricultural Research, I trust that the Committee will devise some method by which sugar, either brown or white, can be manufactured in villages on a small scale as a village industry.

There is another Committee, Sir,—what we call the Indian Central Cotton Committee. This is a Committee which gives some help to the cotton grower, which is one of the chief money crops of the country. While money is spent for improving the staple of this cotton in India to make it self-contained, it is discouraging to think that the import of cotton from other countries is increasing to an alarming extent. As the mills and factory owners are afraid of the Japanese dumping of cotton manufactures, as a *ryot* I should share the same feeling against the growing dumping of imported cotton.

In conclusion, I would only say that I would beg of the Government and appeal to the Honourable the Finance Member to use all his great influence to see that the country and its people do not go into despair by this unbearable economic depression being allowed to continue and devise some solution of this problem as early as possible.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA (United Provinces Central: Non-Muhammadan): Mr. President, if it is the convention of this Honourable House to congratulate the Honourable the Finance Member and his fellow workers in the Department on the presentation of the Budget, I, as a new comer and having worked in a limited sphere of a miniature Provincial Council, will not fall short in observing the etiquette of this Honourable House. Sir, I join in the chorus of congratulations that have been showered upon the Honourable Finance Member and I do so especially for two reasons—firstly, he has hit the mark of his forecast of 1931 and given us a couple of lakhs more than what he expected; and secondly, he has met with success in his conversion loan of over 33.31 crores at 4 per cent. and hence effected appreciable economies in the recurring interest charges.

[Rai Bahadur Lala Mathura Prasad Mehrotra.]

The position of the Budget, from a layman's point of view as well as the angle of vision of a public man, is anything but satisfactory, and can be described in a nutshell "We are where we were." Nay, even it is worse in certain respects. And as we enter the labyrinth of financial jugglery I find it is nothing but an apologia for what ought to have been done but could not be done. Sir, I had also the privilege of hearing the reply of the Honourable Finance Member in which he stuck to the position he took in his Budget speech, i.e., the financial position of the Government is very sound. I will just draw the attention of the Honourable Members of this House to the budget estimates that have been presented to us. In the budget estimates for 1933-34 we are expected to have a closing balance of 52 lakhs in the total income and expenditure of about 125 crores. Sir, I just appeal to the Members of this House to pause for a moment and consider if this closing balance for the huge disbursement is satisfactory at all. And even this result has been achieved by adding fresh taxes to the already over-taxed country. So far as import duties on boots and shoes as well as on artificial silk are concerned, I have not much to quarrel with the Honourable the Finance Member, but the imposition of a duty on cheques is wholly unjustifiable and must be fought tooth and nail. The Honourable Member, while replying to the debate, was quite silent on this duty on cheques though it had been referred to by several Honourable Members. This will kill the system of payment by cheques in this country which has received a great impetus since 1927. Periodical changes are very inconvenient to the public and do not look graceful to the mighty Government as well. This measure, I find from the speech of the Honourable the Finance Member, is being introduced half-heartedly at the request of various Provincial Governments. I would just draw the attention of the Honourable Members of this House to the remarks in his Budget speech and show how half-heartedly he had put the case before the House. He says :

"The House will remember that the stamp duty on cheques was abolished with effect from the 1st July, 1927, on the recommendation of the Currency Commission of 1926. It was hoped that the abolition of the duty in India would lead to a wide adoption of cheques as a means of payment and thereby to a desirable encouragement of the banking habit. The actual results, however, have not been encouraging, and from enquiries made the Government of India believe that the remission of the duty *has not had much effect*. The report of the Indian Central Banking Enquiry Committee tends to confirm this belief as it found that the most serious obstacle to the growth of the cheque habit in the country was the illiteracy of the people. We therefore felt that we had no strong grounds on which to resist the demand which has been pressed upon by various Provincial Governments that the stamp duty should be reimposed in order to help their revenue, and we have accordingly somewhat *reluctantly agreed*—mark the words '*reluctantly agreed*'—to propose a reimposition of the duty for a limited period of three years".

Sir, the statement which I have just read out shows that the Government are backing the wrong horse. May I know if any enquiry was made from the banks? Was sufficient opportunity given to the public to have its say? Whatever may be the circumstances under which it is brought forth, I would urge with all the emphasis at my command to drop this duty on the eve of the introduction of the new reforms for which, I understand, the condition precedent is the formation of a reserve bank.

Sir, as we proceed further we find that a note of warning has been sounded for the sugar industry. As the Honourable Members of this House are aware, a protective import duty of Rs. 7-4-0 per cwt. has been levied on foreign sugar which was further helped by a surcharge of 25 per cent. It was the outcome of this duty *plus* surcharge that the Indian sugar mills could stand competition

with Java and yet their number is raised to 56 only. With all this tariff wall Russia and Japan have begun to dump their sugar in our markets on account of the fall in their exchange and hence several representations have been made to further increase the duty. We were expecting that under the changed circumstances this surcharge will be made permanent with the duty by legislation when a bombshell has been thrown by the Honourable Finance Member over this infant industry. By this note of warning the capitalists may feel shy in further investments while India requires about 150 more mills working with a 400 ton capacity to make herself self-contained. During the present agricultural crisis sugarcane is the only paying crop and hence this recent development helps the agriculturists a little. Besides it also helps indirectly in filling the coffers of the State in better realization of land revenue and more consumption of canal water. Under the circumstances I most emphatically deprecate this untimely note of warning and urge the Government to convert the temporary surcharge into a permanent import duty.

Now, Sir, coming from a rural country and being an agriculturist myself I turned over the pages of the Budget to find out what relief has been given to my class of population. But my few hours' efforts resulted in vain as I could find none anywhere. India is an agricultural country and the main source of the State's income comes from agriculture. We are facing successive bad harvests and unforeseen calamities and now the power of resistance has come to the lowest pitch. It is now the duty of the State to devise ways and means to better their condition and find employment for the millions who do not even get one meal a day. On the other hand, what we find from the Budget is the continuance of all the duties imposed in the Finance Bill of 1931 as an emergency measure. Salt duty, increased inland postage rates and enhanced rates of income-tax and super-tax as well as taxes on even those who have a yearly income of Rs. 1,000. All these have been given a further lease of life for eleven months. Thus no heed has absolutely been paid to give relief to the poor and the middle class people, but the irresponsible and irresponsible Government was very much concerned with restoring the half cut in the salaries of its servants, the total effect of which on the Budget comes to a net loss of 55 lakhs, as if by this decreased income they had cut down any single item in their luxurious life against the ill-fed, semi-naked and starving millions of the country people. The salaries and emoluments of the heaven-born services in India have no parallel in any country of the world and still our benign Government's first measure of relief goes to them without considering the financial circumstances of the State and the local conditions. In support of this I just quote one sentence from the Honourable Finance Member's speech. He said :

" We have very carefully reviewed the economic conditions, and we have arrived at the definite conclusion that while *we can take the risk of making some reduction, nevertheless an emergency continues sufficient to make it impossible to restore the whole of the cut* ".

Here, Sir, the Finance Member has accepted that the emergency continues, and with that acceptance he has restored half the cut without bringing this measure before both Houses for their approval.

Sir, I quite appreciate the remarks of the Honourable Finance Member when he says that military expenditure has been brought down from 55.10 crores in 1929-30 to 46.20 in 1933-34. But may I humbly put a question as to what was the expenditure in 1914, that is, before the Great War? Now, Sir, this question was raised by several speakers in this House and the Honourable Finance Member was kind enough to put his views before us.

[Rai Bahadur Lala Mathura Prasad Mehrotra.]

He says that the pre-war level is impossible because of the changes which have been made during the course of the late war. I quite agree with him in that, but may I put another question to him? Although we have the advantage of the experience of the Great War, for instance, we have an Air Force and Auxiliary Forces, but through these very changes and additions it became necessary and easy to decrease the regular army. By that means we could make more savings. Then, Sir, I join issue with him when he says that it is difficult to bring down expenses to the pre-war level. May I ask him why does he not withdraw the Lee Commission's concessions, and why is he not prepared to make further cuts in salaries? I would suggest a graduated scale. For instance, servants getting salaries from Rs. 100 to Rs. 500 should have a cut of 5 per cent.; those drawing Rs. 500 to Rs. 1,000 should have a cut of 10 per cent.; for those drawing Rs. 1,000 to Rs. 5,000 there should be a cut of 15 per cent. and for those with larger salaries, 20 per cent. Sir, in considering the present situation and economic crisis it is but right that the servants of the State who are drawing salaries should also suffer with the country in general. Sir, may I ask what the future likelihood and necessity of keeping such a huge army are when so many modern methods of warfare have been devised? There is a general cry of disarmament all the world over but poor helpless India must pay at the expense of dying millions for the maintenance of a huge army. I consider this item as a white elephant and unless the military budget is reduced by another 30 per cent. by rapid Indianization and disarmament, I shall submit that there can be no relief to the taxpayers or the starving population of this country.

Sir, I was much amused to find one remark in the speech of the Honourable Finance Member when he held out hopes to the Provincial Governments which have a deficit budget. To my mind the best relief that can be given to them will be in the shape of making certain declarations and securing permission of the Secretary of State for India in abolishing the posts of Divisional Commissioners and Boards of Revenue and rapid Indianization of services in all departments. The local Legislatures stand in a peculiar position at present and whenever economy measures like these are pressed in them, the Local Government shelters under the Government of India. This anomaly is to be soon removed and the local Legislatures should be given absolute powers to deal with these matters. This will be a substantial help without spending anything from the exchequer of the Indian Government.

With these observations, Sir, and as it has become very late, I may crave the indulgence of the House through you, Sir, before resuming my seat for what I have said on the Budget, but I would assure the Honourable Finance Member that the tongue has faithfully depicted what the heart has felt.

THE HONOURABLE MR HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, rising at the tail end of the debate, I promise to be short, but I do not promise to be sweet. I am rather surprised to find the Treasury Benches so unoccupied that only two Members out of the phalanx of the nominated officials are present today in this House.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Education, Health and Lands Member) : Better look behind and see how many are behind you.

THE HONOURABLE MR. HOSSAIN IMAM : Out of 45, we have a better proportion than you have got on the Treasury Benches.

First of all, Sir, I find that in the general congratulations that have been showered on the Honourable the Finance Member, the services of our colleague have not been sufficiently appreciated. I have been in this House for two years and one month and in this short period it has been my experience to hear four budgets presented, and as the vagaries of the time would have it they were presented by four different Secretaries, and Mr. Taylor has come in at the tail end. We have had his exposition, in a very lucid and clear manner; and I may say that we were agreeably surprised to find not only that we have been able to balance our Budget but to have something as a surplus in the next year. The Finance Department has also presented us with an additional book of details of those demands which are not voted upon by the Legislature. This is a new improvement and I welcome it and thank the Finance Department for this. I wish the military department too would copy that example and give us more details of the military engineering services than the meagre figure that we find at the present moment in the military estimates.

Sir, the Finance Member has spoken thrice, once in the Assembly—of which we have got a copy—next time again in the Assembly at the conclusion of the debate, and the third time today during the course of the Budget Discussion. What surprised me most was that he accused us of not being willing to give him credit for what he has done, and that although we criticise him we do not disagree with him. Both these facts are to a great extent not justified by events. No one has said—none of the non-officials either in this House or in the other place or in the country has advocated—that we do not wish to have sound finance. The difference lies in this, whether sound finance only means that the income of the Government should be kept at the present level and the expenditure should also continue at the same level. Our demand is that India is not able to pay the enormous amount of money that is now demanded and therefore the expenses must come down. The only difference between us and him is that he thinks that as far as taxation is concerned, this is a time of emergency and therefore these measures of a stop-gap kind can bridge the way; while we think that the stage has come, not for one year, or for two years, but for some time to stay; and the sooner the Finance Department realise that they are in for a time of depression, a continuous time of depression and this is not an emergency but it is turning out to be the normal condition of things, the sooner they will be able to equip themselves to fight.

Sir, I find a very welcome change in the attitude of our friends, the European non-officials. I may say, Sir, that there was a time when anything sponsored by the European community was accepted by the Finance Department. Now their successive suggestions have been turned down. I have been reading the papers and I remember that in Calcutta while the Finance Member was there the European Association and our colleague Sir Edward Benthall suggested to him an export tax on gold. That was turned down. Our colleague Mr. Miller suggested during the discussion of the Railway Budget the stoppage of the annual increments. That was also turned down. Now, we find that non-officials, be they white or be they brown, they all stand together and they must either swim or sink together; and the sooner Europeans realise that they have got to side with us, non-official Indians, the better and more secure their position will be. The good will of Indians would be a better guarantee than all the safeguards that could be provided by the Round Table Conference, for the latter would not enable them to know whether they will be able to carry on till the end of time or not.

[Mr. Hossain Imam.]

Sir, the crucial point in the Finance Member's structure has been his justification for the removal of half the cut and for allowing gold export to continue and for giving no relief to the taxpayer. He took some pride in the fact that India's Budget has been balanced with a surplus in a year in which most of the countries have ended or are going to end with a deficit. If the Finance Member had been present now, I would have given him long odds, but I am doubtful if he would accept them. I find no country in the world where the tax income has been increased within the short period of two years by 50 per cent. as the tax income of the Government of India has been increased. The first increase was approximately 20 per cent. by the first Finance Bill of 1931 ; we were promised 14 crores of taxation, 9·8 crores from customs and 5 crores from income-tax ; 14 crores of taxation was added to the tax income which stood, on the previous year's basis, at 68 crores. That comes to nearly 20 per cent. By the second Finance Bill an additional 25 per cent. was imposed on enhanced taxation, so that it comes to 50 per cent. increase in the tax revenue. No country in the world has been able to do this, not because the Finance Departments of the countries were not prepared to do this, but because Governments there were responsible to the people and they had not the same latitude which our Finance Department has got of having to reply and submit accounts to none.

One thing on which I feel very strongly is that, whatever has been done about the restoration of the cut cannot be undone, but it was at least open to the Finance Member to give us an undertaking that in the future the restoration of the cuts in salaries will not precede relief to the taxpayers. I am not concerned with the fact whether he promised in the beginning to give relief first to the salaried officials or to the taxpayers. My concern is that the united opinion of India, European and Indian, has condemned this with a rare unanimity. Even though this House did not pass my Resolution about the restoration of the cut, yet I found no one to support the restoration, the restoration of the 5 per cent., from the non-official Benches. The Honourable Mr. Taylor on that day said that it would be impossible for the Government to give any assurance in view of the fact that the Budget statement would make everything clear. When we look into the Budget statement, we find that no promise has been held out. He still sticks to his guns and is going to restore the cuts in salary first and foremost and if anything is left, of which the chances are very problematic, then perhaps some relief might be given to the income-tax payer or, as I fear, if his finances are further depleted, he might go in for a further addition in the income-tax burden because he finds that there the law of diminishing returns does not intervene.

Now, Sir, there is a basic point of difference between us and the Treasury Benches which it seems to me it is impossible to bridge. The Government of India has always stood on the assumption that the services have got certain rights which cannot be repudiated. Who says they can be repudiated ? We have never said that. Our suggestion has always been that if I am not able to keep a post I can always abolish it and there is no charge if you abolish the post. Similarly as regards the services who have got contracts with us, as long as we keep them we have got to honour the contract, but if we were to abolish the post we would not be bound to keep them on. The services whose rates and interests are guaranteed by Acts of Parliament are very few. The total pay bill of the Government of India, central and provincial, and commercial and administrative, comes to the big figure of about 50 crores of rupees. What an infinitesimal portion of it is the pay of the services whose pay and emoluments are guaranteed by Parliament. If we cannot reduce the one, is that any reason why we cannot reduce the other. And I am not making

any novel or unprecedented suggestion. The Railway Board of the Government of India has already acted up to it. A number of lower grade highly paid servants were retrenched ; and reappointed on substantially lower scales of pay. If that can be done in the Railways there is no reason why in the Government of India too something of the same nature could not be done. Sir, the position of India is that at the moment it seems impossible to go on paying at this rate for any length of time, and unless we decide to end this regime and equip ourselves we will be face to face with the same situation which we had to face during 1930-31. We expected to close the year with a little surplus but the result was that we had a deficit of about 11 crores, because we did not take any steps in the meantime. In 1931-32 we were faced with a similar crisis and there we took the bull by the horns and during the Simla session Government introduced an emergency budget. But what was called an emergency budget is in my opinion becoming a permanent thing and equity demands, Sir, that the Government of India should now reduce its expenditure to manageable limits. I was unable to follow, Sir, why the Government has overstated the disbursement ; there is no explanation coming forward from the Government for the fact that expenditure has been debited which has not been incurred. Rs. 55 lakhs as the interest on war debts has been written down in the expenditure side but has not been paid. We have got a provision for the reduction of debts and if we were called upon at any time to make good the deferred payment we could have made it good from the sinking fund. But to make debit for an expenditure which has not been incurred seems rather extravagant. In that connection, Sir, I was rather surprised to find that as the rate of interest of War Loan has been reduced from 5 to $3\frac{1}{2}$ per cent., the remission ought to have been 33 lakhs. But 110 lakhs, the figure at which it stood formerly, has been brought down to 87 lakhs only ; that is a difference of 23 lakhs only. Mr. Taylor will remember, I asked some questions on the subject and I was promised that I would get a reply during the Budget debate and I failed to find anything in the Budget speech about it.

In the second place, I should like to say a few words about the army—not that I am going to discuss it at any length, but I think we must broaden our view and instead of pressing His Excellency the Commander-in-Chief to reduce his demand we ought to concentrate now not on His Excellency the Commander-in-Chief but on the British Government. It is now a matter of policy more than a matter of day to day administration. Unless the policy is changed, unless the burden of capitation charges and other demands of the War Office are lifted up, unless the burden of pensions is shifted from our shoulders to somebody else's it is difficult really to reduce the Budget much further. As has been pointed out by our Finance Member any number of economies have been effected and expenditure has been brought down to a level below which I do not say it is impossible to go, but below which there is not much of a margin left to curtail. I therefore, Sir, suggest to the Government of India that they should now take up the matter and relieve non-officials from fighting it out with His Excellency the Commander-in-Chief, rather they should take up the battle with the British Government and try to get an equitable settlement of this question which has been hanging fire for the last ten years.

THE HONOURABLE SARDAR BUTA SINGH (Punjab : Sikh) : I have read the speech of the Honourable the Finance Member with mixed feelings. It is not possible to deal with a very careful survey of our present position : but there are a few points on which I should like to lay stress. The Honourable the Finance Member has given us no indication as to how he proposes to

[Sardar Buta Singh.]

stabilise prices in India and to stimulate trade. He has dwelt with some satisfaction at the outflow of gold from India, little realising that this is distress gold which has found its way to other countries and though it may have enabled the Finance Member to meet some of his external obligations he must realise that the flow cannot for ever continue and unless trade is developed he will find it difficult to meet our obligations outside India.

Another point to which I wish to draw his attention is that he has given little consideration to the recommendations of the Banking Enquiry Committee which he himself appointed. I need not repeat what has been said so often, that commodity prices in India have gone down and the debts contracted by the primary producer have remained and cannot be met unless certain adjustments are made. What does he propose to do to help millions of poor indebted agriculturists, the value of whose produce has been written down and no steps have been taken to adjust their obligations in the terms of new prices ?

The fall in commodity prices owing to juggling in money has reduced the resources of the agricultural population almost to a vanishing point. Money is no more the standard of values : it is all the time changing, and what I should like to draw the attention of the Government of India is that they should try to give us a stable money, so that we may have stable commodity prices. I would also like to impress on the Government the desirability of affording some relief to agriculturists by giving them some protection till agriculture is rehabilitated. In the matter of Railways we in the Punjab have no seaport to which we could have access, and the railway rates are so high that by sending wheat to Karachi and then shipping it by sea, there is greater gain than by sending it by railway. There is great need for having some kind of telescopic freight rates so that the Punjab wheat may find access to Calcutta and Bombay markets.

I must say that the Central Government is unique in one aspect that it keeps itself entirely free from recognising any obligation to the people of India so far as their economic condition is concerned. I have looked back for the past five years to find a single occasion on which the Government of India has pledged itself to organise, develop and increase the industries of the country and thereby improve the economic condition of the people. While all the other countries of the world at present are engaged in tackling this problem our Government at the Centre is entirely silent. It can plead that development rests with the provinces, but unless the Government of India assists the provinces in creating cheap credits and in giving them confidence nothing substantial can be done. Time has come when the Government of India should organise the Ministry of Development so that the deep and grave problem of poverty and unemployment can be tackled.

I will now conclude with only one word that unless the Government of India recognises its duty in this matter no constitutional advance will bring satisfaction to the people.

THE HONOURABLE MR. J. B. TAYLOR (Finance Secretary) : Sir, as the Honourable Mr. Hossain Imam truly observed, I have come in at the tail end, and in that unfortunate position it is somewhat disconcerting to find the tail of this House wagging so vigorously. The Honourable the Finance Member, who unfortunately had to leave early, has reviewed the whole question so exhaustively that there is very little—I am sure you will be glad to hear—for me to add at this late hour. As regards sugar, there is really nothing to add to the note of caution which he sounded in his speech in the other House. As

regards cheques, I am afraid that our position is one of considerable difficulty. As the Honourable the Finance Member said, we are re-imposing the tax reluctantly. But, after all, every tax is imposed or re-imposed reluctantly. There is no tax which can be levied without discomfort to somebody ; we must always weigh the advantages and the disadvantages. In this particular case, the stamp duty on cheques was taken off as a result of the recommendations of the Hilton Young Commission. We were in a difficult position because, though the legislation was Central and had to be Central, the people who suffered were the Provincial Governments, particularly the two Provincial Governments which happen to be seriously in deficit, Bombay and Bengal. They have been pressing for the re-introduction of the tax and in the face of experience we could not refuse to admit that their contention was becoming increasingly justified year by year ; that is to say, that the remission of the tax was not having the advantages which we had expected from it. I was asked whether we had consulted banks and other bodies. I am afraid that we are not in a position to do so before introducing new taxes for obvious reasons. But the actual introduction of this tax has been deferred till July and the proposal has been put before both Houses and we will be open to hear criticism on it. On the other hand, I would point out that the matter is not entirely one-sided. Several bankers have complained that the abolition of the stamp duty has only had the effect of making people who operate on accounts draw cheques for far smaller sums than they would otherwise do and thereby increase the work of the banks. That was the criticism which I, in my position as Governor of the Imperial Bank of India, had put before me by the Imperial Bank itself. Not that they attached much importance to it, but it is an argument which comes in on the other side.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Did you receive representations from any other Bank also or only from the Imperial Bank ?

THE HONOURABLE MR. J. B. TAYLOR : I have said that we were not in a position to ask for representations. This is merely information which one collects in the ordinary way. When we are introducing fresh taxation, we obviously cannot consult people in advance as to whether we should impose it or not.

There was one point on which the Honourable Mr. Hossain Imam asked for information, and that was as regards the benefits, if any, which will accrue to India as a result of the War Loan conversion operations in England. I told him on a previous occasion that we hoped to be in a position to make some announcement at Budget time. Unfortunately, the settlement of the war debts with America, on which the whole question depends, has come no nearer completion, and in view of the position which has developed in the United States in the last week or two, I do not think that anybody in the world is in a position to make any announcement regarding what is likely to happen. We are, however, confident that the British Government will treat us generously and will pass on to us in time, though they are not able to make any pronouncement to that effect yet, a share of the benefits. Clearly they cannot go further until they know themselves how their vastly greater liabilities are going to be adjusted. We can only hope in the interests not only of ourselves but of the whole world that some early settlement will be found for this disastrous and dangerous dilemma into which the United States has landed not only itself but every other country in the world.

Finally, we come to the question of defence expenditure, which I know is a hardy and vigorous annual in this House. I think that here again there are

[Mr. J. B. Taylor.]

two sides and I would like to put the other side before you. The Army Department, under His Excellency the Commander-in-Chief, are honestly doing their best. I too came to the Finance Department with the general impression which goes round that in some ways the army was expensively run in comparison with pre-war days, but on getting down to details and on realising the vastly more complicated problems and the vastly more expensive essentials of warfare under modern conditions, I can assure you that drastic retrenchment is not so simple a matter as it sounds. There has been much talk of disarmament but with precious little result so far, and with the recent onthreak of war between Japan and China which may lead to a secular warfare in the Far East, I do not think it wise to hurry ahead too fast or assume that retrenchment is an entirely one-sided question.

Finally, I would like again to emphasise what the Honourable the Finance Member has said. We have expressed our satisfaction with this Budget because we think that thereby we have honestly met a very difficult task. But when we say that India's budgetary position is sound, we are very far from implying that we consider that the economic condition of the country is satisfactory. We are doing the best we can. We have raised India's credit from the mud up to a level where it is only below that of England and the United States of America, a position which would have been absolutely incredible 18 months ago. In such circumstances it would be foolish for us to emphasise merely the economic distress of this country, a distress which is shared equally by every other country, and to put a worse picture before the world of India's position than we consider correct. At the same time, we do regret the high level of taxation, and we do realise that the position is becoming more ominous and that what we consider to be abnormal may quite possibly become the normal condition of affairs.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : That is generally the case with the Government.

THE HONOURABLE MR. J. B. TAYLOR : Is it generally the case ? We have not generally to meet crises like this. It has been said that other countries have not seen fit to meet this crisis to the same extent because of their democratic forms of government. They have been frightened to impose the necessary taxation. There is one notable instance, the United States of America, the most advanced democratic country in the world, where they thought they could go on having a budget deficit of hundreds of millions of dollars because they were the most prosperous nation in the world. What is their position now ? Do you think that the people of America, with their principal Stock Exchanges closed, with the Congress in special session, with a banking moratorium and banks burst or going burst all over the country every day, would not prefer now to have had the protection of a balanced budget, even if it meant heavier taxation ? We must face facts as they are and I am convinced that by facing facts we are doing the best for India.

THE HONOURABLE THE PRESIDENT : That concludes the General Discussion of the Budget, Part II.

Now, with reference to the two Motions that were adopted this morning, I announce that nominations for the Standing Committee on Emigration and the Standing Committee for the Department of Education, Health and Lands will be received up to 11 A.M. on Wednesday, the 8th March, 1933.

The Council then adjourned till Eleven of the Clock on Monday, the 6th March, 1933.

COUNCIL OF STATE.

Monday, 6th March, 1933.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

COMMUNAL COMPOSITION OF CADETS IN THE INDIAN MILITARY ACADEMY DEHRA DUN.

120. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Mr. Vinayak Vithal Kalikar): Will Government be pleased to state :

(a) The percentage of Hindu, Muhammadan and Sikh candidates in the Indian Military Academy ?

(b) Is it a fact that the majority of the candidates in the Indian Military Academy are taken from the Punjab ?

(c) Are there any candidates from other provinces in India ? If so, the names of the provinces ?

(d) Is it a fact that candidates are admitted to the Indian Military Academy on a communal basis ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) The percentages of Hindu, Muslim and Sikh cadets now at the Academy are 20, 40 and 27, respectively. These figures include Indian Army cadets, but not those taken from the Indian State Forces.

(b) The majority of the cadets, including three-fifths of those successful in the first competitive examination, happen to belong to the Punjab. If however the Honourable Member is insinuating that the results of the examination are in any way manipulated so as to secure a preponderance of cadets from the Punjab, I should like to disabuse him of that notion at once. The examination is conducted by the Public Service Commission and not by the Army and the results are accepted by the Army without question.

(c) Six candidates from provinces other than the Punjab were successful in the first competitive examination and are now at the Academy. They belong to the United Provinces, North-West Frontier Province, Delhi, Jaipur, Patiala and Jodhpur. In addition there are three Indian Army cadets from Burma, the United Provinces and Baluchistan.

(d) No, Sir

CONFERMENT OF KING'S COMMISSIONS ON VICEROY'S COMMISSIONED OFFICERS IN THE INDIAN ARMY AND AUXILIARY SERVICES.

121. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Mr. Vinayak Vithal Kalikar) : In view of the intended Indianization of the Indian Army and the Auxiliary Services, will Government be pleased to state if they are going to consider suitable officers holding

Viceroy's Commissions, who are above 25 years of age but below 40, for a direct King's Commission :

- (a) in the Indian Army Service Corps ;
- (b) in other Auxiliary services ;
- (c) as quartermasters of training battalions of Indian infantry, corps of sappers and miners, signal training centres and mountain artillery training centres ;

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : The answer is in the negative.

COMMUNAL COMPOSITION OF VICEROY'S COMMISSIONED OFFICERS APPOINTED CANTONMENT EXECUTIVE OFFICERS.

122. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Mr. Vinayak Vithal Kalikar) : Will Government be pleased to state :

(a) The percentage of Hindu, Muhammadan, Sikh and Christian Viceroy's Commissioned officers holding the appointment of cantonment executive officers both permanent and temporary ?

(b) Is it a fact that the percentage of Hindu officers is smaller than that of other communities ? If so, the reasons for the same ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) and (b). The percentages are about 20, 26·6, 46·6 and 6·6, respectively. The selection of officers for this small cadre is made from the Army recruitment for which is not made on a communal basis.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : Will Government be pleased to state if any officer of the Indian Territorial Force has up till now been appointed to hold a Cantonment Executive Officer's appointment ? If so, the number thereof ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : I must ask for notice of that question, Sir.

KING'S COMMISSIONS FOR OFFICERS HOLDING THE VICEROY'S COMMISSION.

123. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Mr. Vinayak Vithal Kalikar) : (a) Is it a fact that certain Indian officers holding Viceroy's Commissions were given direct King's Commissions for their services in the war ?

(b) If the answer to part (a) is in the affirmative, do Government propose to adopt the same policy with regard to Indian officers of this class who possess the necessary qualification and experience ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) and (b). A number of senior Viceroy's Commissioned officers were granted King's Commissions just after the Great War for specially distinguished services rendered during that war. Government cannot regard this as a precedent,

now that Indians may obtain commission through the Indian Military Academy; and they do not agree that Viceroy's Commissioned officers have a just grievance on this account. It would not be in the interests of the Army to grant King's Commissions to such officers, other than those who qualify, as Indian Army cadets, at the Indian Military Academy. It would upset the whole scheme for officering the new Indian Army; and the officers themselves would have little or no prospect of promotion by reason of their age.

NON-SELECTION OF CADETS FROM SOUTHERN INDIA FOR THE INDIAN MILITARY ACADEMY, DEHRA DUN.

124. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Mr. Vinayak Vithal Kalikar): Will Government be pleased to state:

(a) Is it a fact that in the last two selections and nominations for the Indian Military Academy, no cadet was selected from Southern India? If so, the reason for the same?

(b) Were there any applicants from Southern India for cadetships? If so, their names and the provinces of their residence?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (a) Two candidates from South India were successful in the second competitive examination and will enter the Academy in March. One of them is a domiciled European and the other a Hindu from Coorg. No others secured the necessary marks in the open examination or were considered suitable for selection as Indian Army cadets.

(b) There were 22 applicants from Southern India for the July examination and 16 for the October examination. I am sending their names and provinces separately to the Honourable Member.

SCALE OF PAY AND POSITION OF OFFICERS PASSING OUT OF THE INDIAN MILITARY ACADEMY, DEHRA DUN.

125. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK: Will Government be pleased to state the scale of pay of officers coming out of the Indian Sandhurst at Dehra Dun? What will their position be with respect to officers coming from Sandhurst in matters of seniority and precedence?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Neither of the matters referred to has yet been finally settled, but I would refer the Honourable Member to the Press Communiqué on the subject which was issued on July 8th, 1932, and also to the answer given in the Legislative Assembly on the 16th September, 1932, to starred question No. 308.

ELIGIBILITY OF MEMBERS OF THE UNIVERSITY TRAINING CORPS TO QUALIFY FOR ADMISSION TO THE INDIAN MILITARY ACADEMY, DEHRA DUN.

126. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK: Will Government be pleased to state if they intend to remove the bar on members of the University Training Corps sitting for examination for admission to the Indian Sandhurst?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: The Honourable Member appears to be under a misapprehension. There is no such bar.

INDIANS AND GURKHAS HOLDING THE KING'S COMMISSION.

127. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK: Will Government be pleased to state the number of Indians holding King's Commissions and of Gurkhas holding King's Commissions? Is there any Gurkha King's Commissioned officer serving in any unit other than a Gurkha unit?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: The number of serving Indian officers holding the King's Commission is 155.

There is only one Gurkha officer holding the King's Commission; he is at present on leave pending retirement.

GURKHA REGIMENTS.

128. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK: Is it a fact that the Gurkha regiments are treated as non-Indian units? If so, why?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Gurkha regiments are part of the Indian Army, but have certain concessions, for instance, in regard to stations, for reasons of health. Otherwise, they are treated as Indian units.

INDIAN KING'S COMMISSIONED OFFICERS IN COMMAND OF REGIMENTS, ETC.

129. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK: (a) Will Government be pleased to state how long it will take for the seniormost of the Indian officers holding King's Commissions to take command of a regiment? Have any of them as yet been placed permanently in charge of a company or a squadron?

(b) If so, what is the number of those holding permanent commands of a company or a squadron?

(c) What is the number of Indians holding King's Commissions who are employed in staff or other extra regimental work?

(d) Is it a fact that by the time these officers are qualified to command a company or a squadron they are shifted on to staff or other jobs?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (a) All that I can say is that at present an officer who is considered fit in all respects gets command of a unit after about 27 years' service in the case of cavalry and about 25 in that of infantry.

No Indian King's Commissioned officer is yet sufficiently senior to be permanently employed as a squadron or company commander.

(b) Does not arise.

(c) There is no Indian King's Commissioned officer in permanent staff employ, but 13 such officers are employed extra-regimentally.

Important staff appointments are generally given to officers who have been through the Staff College and so far only one Indian officer has passed into that College.

(d) The answer is in the negative

RESIGNATION OF THEIR COMMISSIONS BY INDIAN KING'S COMMISSIONED OFFICERS.

130. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : Will Government be pleased to state the number of Indians holding King's Commissions who have resigned their commissions from the year the King's Commission was thrown open to the Indians up till now ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : Twenty.

TOTAL STRENGTH AND CLASS COMPOSITION OF THE INDIAN ARMY.

131. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : Will Government be pleased to state the total strength of the Indian Army ? What are its class compositions ? What is the number of Hindus and the number of Muhammadans ? What is the number of Muhammadans from the Punjab and from the Frontier ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : The sanctioned strength of Indian officers and other ranks of the Indian Army, excluding reservists and members of the Indian Territorial Force, is 151,455.

The class composition of all units of the Indian Army is given in the Indian Army List, a copy of which is to be found in the Library.

47,368 Hindus, 22,828 Sikhs, 18,703 Gurkhas and 52,863 Muhammadans, including 41,720 from the Punjab and 6,847 from the North-West Frontier, were serving in the Indian Army on the 1st January, 1932. These figures are exclusive of reservists and officers and men of Miscellaneous Services and the Indian Territorial Force.

ADJUTANTS AND INSTRUCTIONAL STAFF OF UNIVERSITY BATTALIONS OF THE INDIAN TERRITORIAL FORCE.

132. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : (a) Will Government be pleased to state the factors that govern the selection of the adjutant and the instructional staff of the University Battalions of the Indian Territorial Force ?

(b) Is it a fact that the nature of the work of the adjutant in such a battalion is quite different from that in the regular battalions ?

(c) Has it been represented to Government that in provinces which have not got much military traditions in the near past special care has to be taken to awaken an interest in soldiering in the hearts of the university students that some of these officers holding adjutants' posts in these battalions have not taken much trouble or shown any keenness to make the experiment a success and that in consequence thereof some of the units have considerably deteriorated ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) Adjutants of University Training Corps are normally selected from the regular officers of

those Indian infantry regiments to which no units of the Indian Territorial Force are affiliated. They must have passed their final retention examination and be eligible for extra-regimental appointment. They are also required to show that they are capable of performing the duties of quartermaster and adjutant.

As regards the instructional staff, the Honourable Member is referred to paragraphs 12 and 13 of Appendix XII of the Regulations for the Indian Territorial Force.

(b) No, Sir ; there is no material difference.

(c) The Government of India have received no such representation.

TRAINING OF MEMBERS OF THE UNIVERSITY TRAINING CORPS.

133. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : (a) Will Government be pleased to state who are responsible for the training of the men, non-commissioned officers and officers of the University Training Corps Units ?

(b) Is the adjutant and the regimental sergeant major in any way responsible for the training of the non-commissioned officers and the officers of the Territorial Force ? If so, what steps, if any, have been taken in recent years in the 2nd Calcutta Battalion, University Training Corps, for the special training of the officers of this unit ?

(c) Will Government be pleased to state if any instructional classes were taken by the adjutant or the permanent staff during the last three or four years for the training of the officers and, if so, how many ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) The Officer Commanding the unit assisted by his permanent staff.

(b) The answer to the first part of the question is in the affirmative. The Government of India have no information in regard to the second part or as regards part (c), but I will have enquiries made.

PROMOTION OF OFFICERS IN THE 2ND CALCUTTA BATTALION, UNIVERSITY TRAINING CORPS, TO SENIOR GRADE COMMISSIONS.

134. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : (a) Will Government be pleased to state if it is a fact that under the Regulations for the Indian Territorial Force the officers of the University Training units are all to receive senior grade Commissions ?

(b) Is it a fact that in accordance with this provision the officers in most of these units have long been promoted to senior grade officers ?

(c) Is it a fact that the same procedure has not yet been followed in the 2nd Calcutta Battalion, University Training Corps ? If not, why not ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) Yes.

(b) Yes.

(c) The procedure is the same for the Calcutta University Training Corps, but no recommendations for senior grade commissions have yet been received at Army Headquarters in respect of this unit. I am ascertaining the reason further and will let the Honourable Member know in due course.

OFFICERING OF PROVINCIAL BATTALIONS OF THE INDIAN TERRITORIAL FORCE.

135. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : (a) Will Government be pleased to state if it is a fact that the Provincial Battalions are to be officered by the men of the same province ? Has this practice been followed in the selection of the officers both senior grade and junior grade in all the Provincial Battalions ?

(b) Will Government be pleased to state if commissions have been granted to persons not domiciled in the province ? If so, in what units ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) The general rule is that officers of provincial units should be chosen primarily from those classes which supply the rank and file and as far as I am aware, this rule is being followed.

(b) It would be necessary to address units to get this information, and I do not think it would be of sufficient importance to justify the trouble and expense involved. But if the Honourable Member will give me any instances in which he has reason to believe that the general rule has not been observed, I will certainly look into them and let him know the result of my enquiries.

ABOLITION OF THE MANUAL TRAINING CENTRE AND BOARDING HOUSE OF THE GOVERNMENT HIGH SCHOOL, DELHI.

136. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : (a) Will Government kindly state whether it is a fact that to effect retrenchment in 1931 it was proposed to do away with the Manual Training Centre and the Boarding House of the Government High School, Delhi ?

(b) Is it a fact that in September, 1931, the Chief Commissioner, Delhi, sanctioned the proposal to discontinue them and that the Government of India agreed to stop them permanently for good ?

(c) Is it a fact that during the past three or four years the average number of boarders in the Boarding House including the boarders of the Government Commercial Institute, Delhi, was between 10 and 15 ?

(d) Is it a fact that after the Chief Commissioner had sanctioned the proposal all the employees of the Boarding House and the Manual Training Centre were informed that their services were to be terminated and that the boarders being away on account of vacation were informed by the head master that after the vacation they would not get any place in the Boarding House ?

(e) Is it a fact that in September, 1931, the present head master on resuming his post insisted upon the continuation of the Boarding House and offered to run the Boarding House on its fees without requiring any money from Government ?

(f) Is it a fact that the Superintendent of Education, Delhi, in October, 1931, sanctioned in writing the continuation of the Boarding House up to the end of March, 1932, on the following conditions :

(i) that Government will not be required to contribute anything to its maintenance ;

(ii) that the Boarding House Superintendent would not be paid any allowance, and would continue to work in return for the accommodation provided to him free of any rent ?

(g) Is it a fact that no money for the Boarding House was included in the budget, as the Government of India had agreed to discontinue it altogether, and that the head master did not obtain any permission to continue the Boarding House from April, 1932, till late in August or September, and that the sanction of the Local Government to continue it from April, 1932, to March, 1933, was obtained in September or October, 1932 ?

(h) Is it a fact that to swell the number of the boarders in order to show that the Boarding House is making progress, the sons of the Superintendent, Boarding House, and one or two relations of the Head Master, Government High School, Delhi, are nominally enrolled on the list of boarders though they actually live with their parents and guardians ? Will Government kindly lay on the table a list of boarders showing the number, names of boarders, names of their parents or guardians, dates from which they are residing in the Boarding House, and whether they are the boarders of the Government High School or of the Commercial Institute, Delhi ?

(i) Do the rules require that rent for the Boarding House charged in the shape of fees should be credited in the Government Treasury, and is it a fact that since September, 1931, it has not been credited ?

(j) What arrangements have been made to supply a sweeper and a watchman for the boarders ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN: (a) and (b). Yes, but the Government of India's approval was only provisional.

(c) The average number of boarders in the Boarding House including the boarders of the Government Commercial Institute, Delhi, during the four years prior to September, 1931, ranged between 13 and 18.

(d) and (e). Yes.

(f) Yes, with the permission of the Local Administration.

(g) Reply to the first part of this question is in the affirmative. With regard to the second part the sanction of the Local Administration for the continuance of the Boarding House was given in August, 1932.

(h) No, the Honourable Member's information is incorrect, but surely the Honourable Member does not suggest that *bona fide* pupils be not admitted to the Boarding House merely because they happen to be related to any members of the school staff ?

The sons of the Superintendent of the Boarding House and one relative of the Headmaster, being *bona fide* pupils have been admitted as boarders. They are subject to all rules and regulations and reside in the hostel.

The statement containing the required information is placed on the table of the House.

(i) and (j). The Honourable Member seems to be under some misapprehension. The Boarding House is run on co-operative lines.

As the Boarding House has, under orders of Government, to be run without any cost to public funds, the boys have to contribute the necessary expenditure. There is a part-time sweeper and a watchman is engaged for summer vacations only.

Government High School, Delhi.

No.	Name of boarder.	Name of his parent or guardian.	Date from which residing in the hostel.	Student of : (1) Government High School or (2) Government Commercial Institute.
1	Raza ul Haq . . .	K. S. Ikramullah Khan.	17-7-30	(1)
2	Jamil Ahmed . . .	Gulam Abbas . . .	1-12-30	(1)
3	Chander Bhan . . .	P. Sri Chand . . .	2-6-31	(2)
4	Sobha Ram . . .	Harnarain Singh . . .	7-10-31	(1)
5	Abdul Rashid . . .	Abdul Majid . . .	1-4-32	(1)
6	Abdul Latif . . .	Abdul Majid . . .	1-4-32	(1)
7	Ali Asghar . . .	S. Niazuddin . . .	21-4-32	(1)
8	Khurshid Hasan . . .	B. Md. Jan . . .	21-5-32	(1)
9	Hari Chand . . .	Rizaq Ram . . .	11-4-32	(1)
10	Ram Parshad . . .	Durga Prasad . . .	1-6-32	(1)
11	Abdul Hamid . . .	Abdul Majid . . .	1-6-32	(1)
12	Bashir Ahmad . . .	Syed Md. Ismail . . .	1-6-32	(2)
13	Gopi Chand . . .	Ch. Phul Singh . . .	6-6-32	(2)
14	Shaukat Ali . . .	Kh. Niyamat Ali . . .	18-6-32	(1)
15	Mujtaba Ali . . .	S. Mubarak Ali . . .	17-6-32	(1)
16	Kirori Mal . . .	Giyani Ram . . .	1-7-32	(2)
17	Sheo Sarap . . .	P. Madan Lal . . .	1-7-32	(2)
18	Mahabir Pershad . . .	Devi Pershad . . .	10-7-32	(2)
19	Shiv Parshad . . .	Durga Pershad . . .	22-7-32	(1)
20	Raghuvar Dayal . . .	Charanji Lal . . .	20-10-32	(2)
21	Puran Singh . . .	Mukh Deo Singh . . .	1-11-32	(2)
22	Banarsi Dass . . .	Behari Lal . . .	1-11-32	(1)
23	Gobind Sahai . . .	P. Behari Lal . . .	4-12-32	(2)
24	Mahadeo Parshad . . .	Bhani Lal . . .	5-12-32	(1)

INCOME AND EXPENDITURE, ETC., OF THE BOARDING HOUSE OF THE GOVERNMENT HIGH SCHOOL, DELHI.

137. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :

(a) Will Government kindly lay on the table of this House information showing the rate of monthly fee, the total income from fees for every month and the number of boarders in each month since September, 1931, and also the monthly expenditure showing the number, names and pay of each servant since September, 1931 ?

(b) Has the Head Master, Government High School, Delhi, ever obtained any sanction for such expenses from the Superintendent of Education, Delhi, or does he obtain it every month ? If so, will Government lay a copy or copies of the order of sanction on the table of the House ? If not, did the Superintendent of Education ever object to this procedure of the Head Master ? If not, why ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN :

(a) Regarding rate of monthly fees, the Honourable Member is referred to the replies given to (i) and (j) of his question No. 136.

A statement giving income and expenditure and the number of boarders from September, 1931, to January, 1933, is placed on the table of the House.

(b) The Honourable Member seems to be under some misapprehension. In view of the Government orders the question of sanction does not arise, because the servant would not be a Government servant, but the boarders' employee like cooks and *kahars* in school boarding houses who are not paid by Government. For other petty requirements formerly met from contingencies and now from contributions of boys, the question of obtaining the sanction of the Superintendent of Education does not arise, since the head master has already been permitted to run the hostel without any expense to Government.

GOVERNMENT HIGH SCHOOL, DELHI.

Boarding House.

Month and year.	Income and Expenditure.			Servants' names other than cooks and <i>kahars</i> and pay.	
	Income.	No. of boarders.	Expenses.		
Dues of August and September, 1931, were realised together before the summer vacation and credited to the Government Treasury in August, 1931.					
	Rs.	A. P.	Rs.	A. P.	
September, 1931	Credited to the Government Treasury .			There are no whole-time servants other than cooks and <i>kahars</i> .	
October, 1931	7	0 0	11		4 8 0
November, 1931	9	0 0	15		9 6 0
December, 1931	10	0 0	18		<i>Nil.</i>
January, 1932	11	0 0	19		8 7 0
February, 1932	10	8 0	18		7 14 0
March, 1932	7	8 0	17		<i>Nil.</i>
April, 1932	7	8 0	13		11 4 0
May, 1932	7	0 0	14		10 10 6
June, 1932	13	0 0	21		3 8 0
July, 1932	14	8 0	25		12 6 3
August, 1932	25	0 0	23		16 0 9
September, 1932 . . . . .	..		15		10 0 0
October, 1932	12	0 0	18		4 7 6
November, 1932	15	0 0	23		14 2 0
December, 1932	16	0 0	25		15 10 0
January, 1933	16	0 0	24		13 0 0
Total	181	0 0	141	4 0	
				Balance 39 12 0	

NOTE.—No regular servant has been employed for want of funds. Only during the summer vacation one man was temporarily engaged to look after the hostel at Rs. 10 per mensem and was paid from the fund contributed by the boys for the maintenance of the hostel.

Rate of monthly contribution is annas eight per boarder of the High School and Re. 1 per boarder of the Commercial Institute.

INTER-EMPIRE ECONOMIC CONSULTATION AND CO-OPERATIVE COMMITTEE.

138. **THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS** (on behalf of the Honourable Sir Phiroze Sethna): (a) Has the attention of Government been drawn to Reuter's Press Communiqué from Ottawa, dated 14th January, published in the columns of the *Times of India* of 16th January, indicating the holding of a Conference in London to consider further details of economic co-operation within the Empire as provided in one of the concluding resolutions of the Ottawa Conference?

(b) If so, will Government be pleased to state the details concerning the programme of the proposed Conference and the date on which it is proposed to be called?

(c) Will Government be further pleased to state whether they intend sending a delegation from India to London to participate in that Conference?

(d) If the reply to (c) is in the affirmative, will Government be pleased to lay on the table information regarding the personnel of the delegation and any instructions issued to it or proposed to be issued relating to questions to be discussed in London?

THE HONOURABLE MR. J. C. B. DRAKE: (a) The Government of India have seen the press telegram referred to.

(b) The Imperial Economic Conference at Ottawa last year accepted a recommendation that a Committee should be set up consisting of not more than two representatives of each of the participating Governments to examine and report on the whole question of economic consultation with and co-operation between the several Governments of the British Commonwealth. This Committee has recently been set up and is reported to have held its first meeting in London on the 14th February last.

(c) and (d). Sir Atul Chatterjee and Sir Padamji Ginwala have been nominated as India's representatives on the Committee and they are being assisted by Mr. H. A. F. Lindsay, Indian Trade Commissioner in London. The Government of India have not considered it necessary to give any specific instructions to their representatives at this stage.

SHORT NOTICE QUESTION AND ANSWER.

RELEASE OF POLITICAL PRISONERS.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Will the Government be pleased to state the present position in regard to the release of political prisoners?

THE HONOURABLE MR. M. G. HALLETT: Sir, I have nothing to add to the statement made both by the Honourable the Home Member in the Legislative Assembly and to that of the Secretary of State to which I referred in reply to the Honourable Rai Bahadur Mathura Prasad Mehrotra's question, on Saturday. That statement concisely, summed up the policy of Government. Government have in no way changed their policy as there enunciated and I should like to make it clear that there is no foundation for the rumours suggesting the contrary that have recently been appearing in the press, of which a telegram reporting an article in the *Sunday Times* of London of yesterday may be taken as typical.

CONGRATULATIONS TO HIS EXCELLENCY THE COMMANDER-IN-CHIEF ON HIS PROMOTION TO THE RANK OF FIELD MARSHAL.

THE HONOURABLE THE PRESIDENT: Before we proceed with our work today I feel certain that the Honourable Members of this Council would like me to convey their congratulations to His Excellency the Commander-in-Chief on his being raised to the exalted and eminent rank of Field Marshal. His Excellency richly deserves this honour having rendered unique and meritorious services not only at headquarters but in Palestine and in the Soudan. He is not only an eminent soldier but a great strategist and a great organiser. His reputation both in England and in this country stands very high. He has been with us now nearly three years and I may say without hesitation that he has rendered valuable services to India also. You are all aware with what zeal and alacrity he has reduced the military expenditure by nearly 4 crores this year and if we compare the figures of this year's budget with those of 1931-32 and if you compare them with the estimates of next year's budget you will find a decrease of nearly 5.78 crores. It is a wonderful achievement of which any Commander-in-Chief may be justly proud. He has also taken a conspicuous part in the Indianization of the Army in India consistently with the opportunities which he had and with the resources at his disposal. The other day only we received the welcome news, when the Indian Marine Bill was before us, and he unhesitatingly promised the Council that in the Naval Service the Indian element will be predominant and also if the Reserve service is established there will be more Indians than British. We are all grateful to His Excellency for the sympathy which he has displayed towards the Indian cause. I will on behalf of you all and myself personally wish Your Excellency a long life and that you may be spared many years to enjoy this exalted office and render with credit still greater service to your King and to your country. (Applause.)

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Sir, I thank you from the bottom of my heart for the kind words which you have used in alluding to my promotion to Field Marshal and my Honourable colleagues for the cordial way in which they have received your statement. I think it could not fail to be a matter of extraordinary gratification to any soldier serving in India that the first official congratulation should come to him from an Indian Assembly in which he has the honour to sit himself, and in addition, I would like to say how much I feel that I owe my promotion to the magnificent condition in which your Indian Army is at the present moment. I cannot say how deeply I feel that that is the case and how proud I am to command an army which without doubt is the finest army which exists under one command at the present day. I thank you. (Applause.)

(The Honourable Mr. Vinayak Vithal Kalikar, in whose name stood the first Resolution*, was not present when his name was called by the Honourable the President.)

*"This Council recommends to the Governor General in Council to issue immediate instructions to all the Provincial Governments concerned to release Mahatma Gandhi and all political prisoners with a view to obtain their co-operation for the smooth working of the future reformed constitution."

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I do not propose to move this Resolution* today as I have received an assurance from Government that I will be given time to move it in this session at a later stage on a day usually allotted for official business.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal : Muhammadan) : Sir, in view of the clear and unequivocal statement made by Sir Harry Haig, Home Member, in the other House and also corroborated by my Honourable friend Mr. Hallett opposite regarding the situation of political prisoners and also because of the recent development, the object which prompted me——

THE HONOURABLE THE PRESIDENT : Order, order. If the Honourable Member is not moving the Resolution, he is not entitled to make a speech.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY : One word, Sir. ——prompted me to put this motion down. I, with your permission, Sir, beg to withdraw the Resolution.†

RESOLUTION *RE* REFERENCE OF IMPORTANT GOVERNMENT BILLS TO JOINT SELECT COMMITTEES OF BOTH CHAMBERS.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, I move :

“ That this Council recommends to the Governor General in Council to direct the Government Members in charge of important Bills to move for reference of their Bills to joint select committees of the two Chambers.”

Sir, in moving this Resolution, I have not got to make either a long speech or to give the practice and privileges of second Chambers in different parts of the world, because my task has been greatly lightened by the fact that I am not asking the Government to do something for which no precedent exists. With the Government of India, in the former days at least, precedent used to count for much, and in this case, my hands have been strengthened by the fact that the Government during the first days of the new reforms in 1921 referred five Bills to joint select committees of the two Chambers. It will perhaps come as a surprise to most of the Members that even the Indian Finance Bill of that year was referred to a joint committee of the two Houses. In the next year, six Bills were referred to joint select committees of the two Chambers. This practice would have continued and there would not have been anything for me to complain of or to bring forward this Resolution had not the Swarajists in the Assembly disturbed the equanimity of the Government. Even then, the Government continued to be firm. Even in the first Swarajist Assembly, every year Bills were referred to joint committees. Only in 1926

* “ This Council recommends to the Governor General in Council to introduce legislation without delay empowering the Government of India to take prompt executive action, when necessary, to protect indigenous industries against import of goods from foreign countries, which on account of depreciated exchanges, bounties, subsidies, or other artificial circumstances, may be sold in India, at prices detrimental to indigenous industry.”

† “ This Council recommends to the Governor General in Council to take immediate steps to release (1) Mr. Gandhi, (2) Maulana Mufti Kifayatullah, (3) Khan Abdul Gaffar Khan and (4) other political prisoners of non-violence, who have not been convicted for terrorist activities in India.”

[Mr. Hossain Imam.]

was a motion for reference to a joint committee withdrawn. It was not defeated by the Assembly, but the Government thought it wise not to alienate the Assembly, and more as a matter of compromise they withdrew their motion for a joint committee and brought forward a motion for reference to a select committee of the Assembly only. But this was not taken by the Government as a precedent. They still persisted in this move of having joint select committees of the two Chambers, and in 1927, two Bills were referred to such committees. The last Bill to be referred was the Gold Standard and Reserve Bank of India Bill. When this Bill was moved in the Assembly, the only person who objected to it was Mr. Jamnadas Mehta. No one else got up to support his opposition. The result was that without a division the Government carried its motion. I should like, with your permission, to read a few words from the speech of Sir Basil Blackett to show what was the necessity of referring the Bill to a joint committee of the two Chambers, and how its non-use would deprive this House of a very valued privilege. I could not make this point with more emphasis than in the words of the former Finance Member of the Government of India. This is what he said :

" This House in no way infringes its own rights or gives away any of its own rights in regard to the examination of this Bill when it returns from the joint committee, if it agrees to a joint committee. On the other hand, owing to the rule that a select committee cannot be appointed by one House if there has already been a select committee on that Bill in another House, a motion for a select committee in this House deprives the other Chamber of any power of examining this Bill in a Committee. The constitution intentionally gave special representation in the other place to representatives of commercial and industrial interests, and it is most desirable that when an opportunity arises of taking advantage of those who have special knowledge, it should be used. Government are unable to accept the suggestion of Mr. Jamnadas Mehta that they should withdraw this motion, and they very much trust that the House will see that in its own interest and in the interest of the country it is desirable that it should be referred to a committee fully representative of every one in the matter ".

After making this exposition of the policy of the Government it seems strange that the Government should give up the practice. I can only account for this by the fact that the elder House did not assert itself and that the Government wanted to have a quiet time and rather than please a body of persons who did not care for anything, they must have thought what was the use of displeasing the other body who are very much active in guarding their own rights and interests. At the present moment equity does not prevail much. Although it may be said that the Great War refuted the idea of might being right, I still believe that to a very great extent people still follow the principle that was enunciated by the Germans that might is right. If this House had asserted its right, this practice would not have gone into disuse. I do not wish either to make the position of the Government difficult nor do I wish to place the Assembly in any way in the wrong. I have purposely said that important Bills should be referred to joint committees. The word "important" can be variously interpreted. I leave the choice to the Government although I do not say that I will accept that the Government's choice has been the right one. They might refer to us Bills of a technical character or Bills of a controversial nature. When it comes to specific Bills, then we can say whether the Government was right or wrong in its selection. At the moment I am ready to trust the Government, not because I think that they will be quite just to this House, but because I believe the adage that half a loaf is better than nothing. I could, Sir, have dilated on the fact that this practice exists in other parts of the world. Even in the British House of Commons important Bills are referred to joint committees of the two Houses.

The fact that in the early days of the Reforms the Government themselves utilised this provision in rule 42 of the Indian Rules of Business and referred a number of Bills to a joint committee of the two Houses is proof enough that no technical objection stands in the way. If the practice has fallen into disuse it is probably because this House has not insisted on its full rights and privileges. We felt this defect when the Press Bill was referred only to a committee of the Assembly, and when I brought in a motion here to refer the Bill to a select committee it was I think rejected here. The reason why I have brought this Resolution is that during the Ottawa Bill discussions there was a great feeling on all sides of this House that Bills of that nature should be referred to joint committees. At that time I had occasion to study the rules and regulations in the matter and I found that it was a very practicable proposition. But the hands of Government were fettered by the fact that there is a suspicion on the part of the other House that whenever the Council of State is brought in on a select committee the purpose is to strengthen the hands of Government. For that reason Government Members were unwilling to bring in motions for reference of Bills to joint select committees of the two Houses, and that position is likely to continue unless their hands are strengthened by a demand on behalf of this House which will prove that it is not the desire of the Government alone but of the non-official Members of this House also to be associated with the other House in framing important legislative measures. If we are not associated at that stage, we do not get an opportunity of making any useful contribution in the framing of Bills.

Sir, I am so confident that my Resolution will commend itself to the Government Benches that I do not wish to prolong the debate and with these words, Sir, I move.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal: Non-Muhammadan): Sir, in supporting this Resolution, I beg to say that if this Honourable House is considered to be a revising Chamber and if it is to be taken seriously, then it is but meet that Government Members in charge of important Bills should move for reference of their Bills to joint select committees of the two Houses of the Central Legislature. It is said, Sir, the decisions of the other House come to us either for revision, ratification or rejection and Government come to us as if "to appeal from Philip drunk to Philip sober", then what and where is the harm to refer Government Bills to joint select committees of the two Chambers? In this respect, Sir, it is found that up to now the weighty opinion of this House has not been sought for, and in none of the select committees this House was ever represented. I do not understand why this House is being such slighted and ignored by Government. If there is any defect in the Standing Orders, I think this House has power enough to remedy that defect and if there is any defect in this respect in the Government of India Act, I hope the Governor General in Council may see that that defect may be done away with at their instance.

I will not take up much of your time, Sir, but I would like to point out that if this House is to be considered and treated as the prototype House of Lords, then the claim put forward by the Honourable the mover of this Resolution, which I hope will be endorsed and supported by the Honourable Members, should be accepted as there is precedence in the Mother of Parliaments when we found the composition of the Joint Parliamentary Committee to which was referred the Government of India Bill and which later became the now famous Act of 1919. There are other instances also, Sir, where important Bills were referred to select committees of the two Houses of Parliament. The coming Indian Reforms Bill will also be referred to the Joint Parliamentary

[Mr. Jagadish Chandra Banerjee.]

Committee. I hope, Sir, following the precedence of such parliamentary convention, our Government will find their way to accept this Resolution.

With these few words, Sir, I would heartily support the Resolution of my Honourable friend Mr. Hossain Imam which has been so ably moved by him and hope our legitimate grievance with regard to this matter will be removed by Government.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Education, Health and Lands Member) : Sir, I have intervened early in the debate because I feel that the subject-matter of this Resolution is rather a delicate one. The Honourable mover wants something done not only by Government but by the other House also, and if there are many speeches made claiming this right there will undoubtedly be an issue between this House and the other. And when two individuals or two bodies begin to contest, the feelings generated are not always of the most amicable nature, and in this case the object which the Resolution has in view is thereby bound to be defeated, whatever the Government's wish in the matter may be. I therefore feel, Sir, that it is a subject on which it is not necessary really to say a great deal. I think it is obvious that Government would like to have public business done in the best way possible, and surely the co-operation of this House in Select Committees cannot in any way be prejudicial to the best way of disposing of legislative business so far as Government is concerned. And yet Government has got to do its duty and do it without giving cause for offence to other people and without creating situations in which bitterness is engendered. Government would very much like to have most of its Bills dealt with by a joint select committee, to save time if for nothing else. But we have to work under the Constitution. We, Sir, must not forget that we are a second Chamber, a revising Chamber, and all that flows from that eminent position of being a revising Chamber makes up our privileges and dignity and also puts limitations on the actual part we can take in moulding the legislation of the country. Within this limit I assure the House, Sir, that my colleagues who are in the other House will be very glad indeed to have the opportunity of moving for reference to a joint committee of both Houses where they can do it without prejudicing the chances of proceeding peacefully with legislation. I think this is all that this House can expect ; it would be unwise to ask for more. "Never mind whether you get it or not, you must move and have it rejected". That is not wise. You, Sir, a short time ago said that one ought to act tactfully and one ought to adopt strategy. Would it be acting tactfully on the part of this House, in case there is not a very good chance of the Assembly agreeing to joint committees, to insist upon moving this proposition and having it rejected ? It would be unwise. It would be as a matter of fact unfair to this House to bring up the matter of such a controversy with the Assembly over and over again and have it thrown out. Would it add in any way to our power or to our right ? No. Therefore I trust the Honourable Member will be satisfied with the assurance that I have given him that it is but right that the Government should try and have a joint select committee as far as it sees it can peacefully be done and not press it if there is controversy about it. There are complicated pieces of legislation, which have not got anything burning about them, legislation, for instance, relating to the amendment of civil law, very important pieces of legislation like that, on which a joint committee could usefully be employed, and I believe in reference to a measure of this sort there will be no objection on the part of the other House. Similarly, there are matters of financial importance in which I may say, without

belittling the importance of the other House, the Members of this House possess much larger experience than the Members of the other House. That again would be a matter in which the other House, recognising the fact, will not be averse to having the assistance of the Members of this House. As I say, there are matters of legal, technical, importance, and matters about finance and similar other matters which could be reasonably placed in the category of legislation in which Government is sure to make tactful efforts in having a joint select committee. But the Resolution as it stands says that His Excellency the Governor General in Council should direct the Members in charge of important Bills to move for reference of their Bills to joint select committees of the two Chambers. That I am afraid I cannot possibly accept. A recommendation of this sort to the Governor General cannot possibly be accepted. I trust the assurances I have given—these are all that can possibly be given—will be found sufficient and that this delicate matter will not be discussed at any great length. I have no doubt that many Members of this House when they are expressing their opinions on the functions of the two Houses of Legislature, either in the provinces or in the centre, in the future constitution of India would themselves express the view that the Lower House should have more opportunities of moulding legislation than the Upper House.

THE HONOURABLE MR. G. A. NATESAN (Madras: Nominated Non-Official): Sir, do I understand the Honourable the Leader of the House to say that though he cannot agree to accept this Resolution in the form in which it is worded, that he is in sympathy with the subject-matter of it, that he will endeavour to use his best influence as a Member of the Government to see that the substance of the request is granted in as many cases as possible? I want him to make that clear.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN: I do not think I could make it clearer than I have done.

THE HONOURABLE MR. E. MILLER (Bombay Chamber of Commerce): May I ask the Honourable the Leader of the House whether he is prepared to do something to assist the House in regard to a suggestion made one day last week that Bills should be introduced in this House?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN: There again in my own case I certainly shall try to do that provided thereby I do not prejudice the chances of the passage of the measure. If we try to introduce measures in this House, we are attacked by saying that "Government has got its revising Chamber, it has a larger proportion of nominated Members on that Chamber than in the other House, therefore Government in a Machiavellian fashion puts important legislation before this House, and thereby a feeling of antagonism is created in the other House; you have got it passed by your favourite House. Now let us see what we can do to it." If it were not for that, Government would indeed be very glad to do as individual Members here suggest. If they themselves survey the whole problem closely, they will find that the inactivity of Government in this matter is based not on negligence or callousness or on not caring enough for this House, but on very substantial experience which has dictated a particular line of action. But within those limits I can assure you that not only I am but so far as I know my colleagues also are most anxious that the fullest possible use of the good offices of this House should be made and that they should be provided with as much work as we can give.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, with your permission I should like to move an amendment which might appeal to the Honourable the Leader of the House. My amendment is that the words "endeavour to" be inserted before the word "move," so that whenever it is possible for the Government they might get the matter referred to a joint select committee. I hope this will be acceptable to the Honourable the Leader of the House.

THE HONOURABLE THE PRESIDENT : If Honourable Members have any objection I cannot allow this amendment, because two days' clear notice is required to move any amendment to the Resolution.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : I myself have serious objection to my Honourable friend endeavouring to bring in this "endeavour" which endeavour is bound to be the undoing of such endeavour as Government might in the future make for joint select committees. Therefore I would very strongly urge on the Honourable Leader of the Opposition not to endeavour to bring in this endeavour which is very likely to prejudice my endeavour.

THE HONOURABLE THE PRESIDENT : I cannot allow the amendment as objection has been taken.

THE HONOURABLE MR. HOSSAIN IMAM : Sir, I had thought that perhaps I would meet with a most sympathetic reply from the Government, but my hopes have been shattered for even an endeavour could not be made to meet the situation. As I stated before, I purposely left the decision in the hands of the Government to select whatever Bills they like for reference to joint select committees. I knew the difficulties of the Government. Therefore I wanted to give a loophole which would act as a safety valve whenever they did not want to utilise this proposition. But I find that the militant tactics of the Assembly has frightened the Government and the easy manner in which this House takes every thing has assured them that no amount of insult that could be heaped on this House will ever be retaliated or thought ill of. The Government are very mindful, Sir, that the Assembly should not be alienated but is there any reference or solicitude that our feelings are not ruffled, when we have got no provision for making any improvement in Bills that are referred to us by the Assembly ? If we are a revising Chamber, then the rules should be amended, as the Honourable Mr. Banerjee has said, if the Government cannot accept this Resolution of mine. The Indian Legislative Rules make it quite clear that when once a Bill has been referred to a Select Committee of the originating Chamber it cannot be referred to a Select Committee of this House. Then there are two ways open to the Government, either to accept this Resolution if they value this House, or to change the Legislative Rules which we cannot do by any means, so that this House too may function in the proper way in which it ought to function.

I have, Sir, nothing to add on the proposition of the quity of this Resolution of mine. If there is any desire on the part of the House not to accept it I would be guided by them but I personally think, Sir, that this is a fundamental right to which we must adhere. The point made that we want to dictate to the Legislative Assembly does not arise because I purposely said in my Resolution that the Government Member should move. I do not want the Government to force the Legislative Assembly to accept it. Whether they

accept it or they reject it, it will be a fight between non-officials and non-officials alone, and we can make it up or continue it as we like. The Government has no business to intervene in it.

As regards the point that it is premature and that we should be careful not to give the Federal Chamber any latitude or power, that will take care of itself. The new constitution is not coming for years. Federation is a thing which is still in the womb of the future and as far as I am able to judge it is not coming before 1936. And therefore the three years that still remain there is no good continuing the condition of things in which we are, unasked, unconsulted and unhonoured. I should like, Sir, as a last word to commend this Resolution to the House and to ask it to assert itself that we also are alive and wish for a place in the sun.

THE HONOURABLE THE PRESIDENT: Resolution moved :

“That this Council recommends to the Governor General in Council to direct the Government Members in charge of important Bills to move for reference of their Bills to joint select committees of the two Chambers.”

The question is :

“that this Resolution be adopted”.

The Council divided.

AYES—17.

Banerjee, The Honourable Mr. Jagadish Chandra.
Benthall, The Honourable Sir Edward.
Buta Singh, The Honourable Sardar.
Dutt, The Honourable Rai Bahadur Promode Chandra.
Ghosh Maulik, The Honourable Mr. Satyendra Chandra.
Gounder, The Honourable Mr. V. C. Vellingiri.
Halim, The Honourable Khan Bahadur Hafiz Muhammad.
Hossain Imarn, The Honourable Mr.

Jalan, The Honourable Rai Bahadur Radha Krishna.
Mehrotra, The Honourable Rai Bahadur Lala Mathura Prasad.
Mehta, The Honourable Mr. H. M.
Miller, The Honourable Mr. E.
Moti Chand, The Honourable Raja Sir.
Naidu, The Honourable Mr. Y. Ranganayakalu.
Natesan, The Honourable Mr. G. A.
Raghunandan Prasad Singh, The Honourable Raja.
Ram Saran Das, The Honourable Rai Bahadur Lala.

NOES—20.

Bartley, The Honourable Mr. J.
Choksy, The Honourable Khan Bahadur Dr. Sir Nasarvanji.
Coburn, The Honourable Mr. M. R.
Commander-in-Chief, His Excellency the.
Cottrell, The Honourable Mr. C. B.
Devadoss, The Honourable Sir David.
Drake, The Honourable Mr. J. C. B.
Fazl-i-Husain, The Honourable Khan Bahadur Mian Sir.
Ghosal, The Honourable Mr. Jyotsnanath.
Hafeez, The Honourable Khan Bahadur Syed Abdul.

Hallett, The Honourable Mr. M. G.
Johnson, The Honourable Mr. J. N. G.
Maqbul Husain, The Honourable Khan Bahadur Sheikh.
Murphy, The Honourable Mr. P. W.
Noon, The Honourable Nawab Malik Mohammad Hayat Khan.
Russell, The Honourable Sir Guthrie.
Shillidy, The Honourable Mr. J. A.
Suhrawardy, The Honourable Mr. Mahmood.
Taylor, The Honourable Mr. J. B.
Watson, The Honourable Sir Charles.

The motion was negatived.

**RESOLUTION *RE* INCREASE IN THE PRESENT NUMBER OF CADETS
ANNUALLY ADMITTED TO THE NEW INDIAN MILITARY
ACADEMY, DEHRA DUN.**

THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT
(Bombay : Non-Muhammadan) : Sir, I beg to move the
12 Noon. following Resolution :

" This Council recommends to the Governor General in Council to take steps to secure the increase of the present number of cadets annually admitted to the new Indian Military Academy, Dehra Dun, by at least 50 per cent. and to distribute the same equitably among the different University Training Corps units throughout India and the Prince of Wales Royal Military College, Dehra Dun."

Sir, I think I need not make a long speech over this Resolution, for I believe its merits will be easily admitted and appreciated. But before briefly stating my reasons in support of my Resolution, I would like to pay a tribute to the spirit of friendliness, which His Excellency the Commander-in-Chief in India recently showed to some of us in inviting us to witness the ceremony of the inauguration of the new Indian Military Academy, Dehra Dun. Speaking for myself, I must say that I was greatly impressed with all that I saw there in connection with the military education of the gentlemen cadets, who were fortunate enough to get admission to this Academy. But I must confess that my mind did not fail to observe the great disproportion that struck me between what was actually being done in this connection and what I honestly think is quite possible to be done in respect of enrolling a larger number of cadets to this Academy and quickening the pace of Indianization of military officers in India. I need hardly remind His Excellency about the great dissatisfaction which is felt in India about the overcautious and niggardly policy of Government in the matter of Indianization. Government are apparently not carrying out the recommendations made even by their own committees of officials, military experts. I would only mention the Shea Committee and would ask His Excellency what reasons could be adduced for disregarding the programme of Indianization of army officers within 30 years as suggested by that Committee. It was a programme of three stages, in even the first of which 81 cadets were to be annually admitted to an Indian Sandhurst. In the second stage the number was to go up to 182 and in the third stage it was to range between 88 and 106. It must further be remembered that these numbers did not include the cadets of the Indian States Forces, which was fixed at 30. It will be thus seen that the increase from 60 to 90, which I propose in my Resolution, is a very reasonable figure ; and it may be said to be backed even by expert opinion. It was generally supposed that the new Military Academy would admit cadets enough to carry out this programme of Indianization ; in fact, that there would be enrolment of cadets in Britain only when Indian resources would be exhausted. And if Government mean by the restriction of these admissions to only 60 in number, that that is the maximum measure of the capacity of India as a whole to furnish fit and qualified cadets every year, then I would have to protest against that insinuation with all the force at my command. But I would not and I need not enlarge upon this aspect of the question. I do assume that the present number of 60 could easily be increased by 50 per cent. as suggested in my Resolution ; and I just make an attempt to offer a concrete proposal about the distribution of this extra 50 per cent. cadets. And in this connection I advert very naturally to the University Training Corps in India. I consider that the University

Training Corps men are typical and representative of the great middle class in India, upon whom must devolve the duty and the obligation of defending the motherland. They are educated and are susceptible to ideas of both honour and loyalty. It is they who will naturally form the second line of defence in any emergency. In other countries they form the bulk of the element out of which the second line of defence is possible; and I need not point out how the youth of India are showing their capacity at present in a number of ways for that spirit and that sense of sacrifice, which is required to make a good soldier and also that capacity of leadership which is required in an officer. The unlawful and reckless activities of the youth must of course be condemned, but it would be betraying bad judgment of men and worldly affairs to deny the proper meed of appreciation of their spirit of patriotism. In my view the class of people from which the University Training Corps men come, have in their hands the direction of the future of this country, and reasonable people would have to hold only Government responsible if they continue their present policy of suspicion and distrust of the educated class in India, and fail to harness their spirit in the proper channel of service to the country. I need not say much about the Prince of Wales Royal Military College, Dehra Dun, for which, in my opinion, must be reserved a portion of the increase of the 50 per cent., which I demand, to the present number of admissions to the Indian Sandhurst. The quality of education given in this institution and the quality of the cadets who receive that education would both justify the demand I have made for them. In conclusion, therefore, I would earnestly appeal to His Excellency the Commander-in-Chief to take into consideration the argument I have adduced in support of my Resolution, to take a more liberal view of the facts of the situation in India, and to secure from Government an immediate increase in the number of admissions to the Indian Sandhurst.

The institution has now happily come to stay and it rests with the authorities to make it adequately fruitful and successful as an instrument of a duly rapid programme of Indianization.

Sir, I move.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : Sir, the Resolution moved by my Honourable friend, Sardar Pandit, is so just and fair and has been so very ably moved that it requires no further explanation from me. His arguments and reasonings are as cogent as possible and the demand made by my friend is a very simple one. It is hoped that he will receive unanimous support from all the non-official Members of this Honourable House.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK (West Bengal : Non-Muhammadan) : Mr. President, I find that my Honourable friend, Sardar Shri Jagannath Maharaj Pandit, has placed before us a Resolution which, if accepted by the Government, would help in speedy Indianization of the army. The number of King's Commissioned officers necessary to man the Indian Army is somewhat a decent figure, but with the slow process of entrance into the Indian Military Academy at Dehra Dun it will be a long time before it is possible to completely Indianize the Indian Army. The number of officers necessary every year due to retirements, pensions and discharges, is very great, and these vacancies are to be filled from officers from the Military Academy, Dehra Dun. At present the number of entrants to this Academy is limited, and unless we increase the number it would be impossible to Indianize the army within a short period. At a

[Mr. Satyendra Chandra Ghosh Maulik.]

time when we hope to get a liberal set of reforms—may be, we shall get full Dominion Status—it is most meet and proper that India should have an Army of her own, mainly officered by the children of the soil. We should not always be looking forward to Great Britain to supply us with officers for the army. The sooner the army is Indianized the better for us. It would mean a substantial reduction of the army expenditure. At present the number of cadets taken is about 60, and unless the number of entrants is increased, I do not know how we can achieve the object of Indianizing soon. We are lucky enough now to have in our present Commander-in-Chief a gentleman who is quite sympathetic towards the scheme of Indianization of the army, and only a few minutes ago we heard from him the highest praise for the Indian Army. At another time he had stated that he was going to Indianize a whole division with the necessary ancillary services. It is a good augury, but what I would press is that the number of cadets taken from the Military Academy should be increased. There are about 11 University Training Corps units, and if cadets are taken from them it will be quite easy to fill up the additional vacancies. These University Training Corps boys have had some military training and by virtue of their education, social status and intelligence, I think they would prove to be useful cadets and would be quicker to pick up the technicalities than ordinary students of the Universities who have had no military training at all. I know, Sir, it will be argued that the military training imparted to University Training Corps boys is necessarily of a lower standard, but if that is so, then the University Training Corps boys are not to blame; it is the system of training imparted to them by the military authorities which is at fault. I venture to say that even if it be so it will not be quite impossible to get the number of extra cadets necessary to fill up the vacancies if this Resolution is accepted. I hope that the Resolution will have the fullest support which it deserves.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan): Sir, I rise to support the Resolution which has been so well moved by my friend, Shri Jagannath Maharaj Pandit. The request in the Resolution is a very modest one and I think His Excellency the Commander-in-Chief will see his way to accept it, because this will lead to acceleration of Indianization in the army. The recruits selected from the University Training Corps will prove as good, if not better than, those otherwise recruited and it will give an impetus to the University Training Corps movement and encourage those who are now in the University Training Corps and have done well there. I hope this Resolution will be adopted by this House.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN (North-West Frontier Province : Nominated Non-Official): Sir, the Resolution of the Honourable Sardar Shri Jagannath Maharaj Pandit can be divided into two parts, namely, increase of the number of cadets admitted annually into the Indian Military Academy at Dehra Dun by at least 50 per cent.; and, secondly, the distribution of the same equitably amongst the different University Training Corps units throughout India and the Prince of Wales Royal Military College at Dehra Dun. With regard to the first part of the Resolution, I agree with him, as the intention is to accelerate the Indianization of the army. Sir, the Indianization of the Indian Army has been admitted as the established policy of the Government of India, and, since that is so, I think it best to complete the policy as quickly as possible.

With regard to the second part, I regret I do not see eye to eye with the Honourable mover of the Resolution, because the equal distribution of the number of cadets required between the different University Training Corps and the Prince of Wales Royal Military College, cannot be expected to produce better results than the present method of selection. The military authorities are the best judges of the qualifications required and the rules and regulations necessary to secure suitable candidates for the army. They are in the best position to know what candidates to select for admittance to the Royal Military Academy. It is therefore in the interests of efficiency that the selection of candidates should be left entirely to the military authorities, so that only men of the best calibre are admitted to the Academy. This would also enlarge the sphere of competition amongst the candidates and thus enable the best men to be secured. If selection is to be limited to a certain number from each University Training Corps and the Prince of Wales College, then candidates will have to compete within the narrow range of places allotted to their particular unit. In that way it is possible that deserving candidates in one unit might be deprived of their chance of admittance while men in another unit of ordinary ability and inferior calibre are admitted on the strength of the number reserved for their particular unit. To prevent the possibility of such irregularities, therefore, it would be better to leave the selection of candidates entirely in the hands of the military authorities, because then they can see what their requirements are and in the Selection Board they will be in a position to select the most efficient men for their purpose.

Therefore, Sir, as regards the first part, I say that if the facilities exist and the Indian Military Academy can find room for more cadets, then the number might be increased. But if facilities do not exist at present then some plan should be thought out to accelerate the rate of Indianization.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA (United Provinces Central : Non-Muhammadan) : Sir, I rise to give my whole-hearted support to the Resolution moved by my Honourable friend, Shri Jagannath Maharaj Pandit. I am one, Sir, who believes that the solution of the Indian economic problem depends on the curtailment of army expenditure. Not only the Members sitting on these Benches, but many on those gave vent to their feelings on the subject during the discussion on the General Budget. There are two ways to curtail army expenditure. One is to reduce the strength of the army and the other is the rapid Indianization of the army which is proposed by my Honourable friend in his Resolution. If the former seems to be difficult at present—though we do not believe that—then the latter is quite easy. It is a very modest demand and I hope His Excellency the Commander-in-Chief will find no difficulty in accepting the Resolution. Sir, I also consider that this Resolution has been brought at an opportune time. If this Resolution is not accepted by the Government it will certainly strengthen the hands of those who are of opinion that the Reforms will be a mere sham and that so far as the army is concerned the people will have absolutely no hand in it, even on the question of rapid Indianization. On the other hand, if this Resolution is accepted, those who are prepared to work the Reforms and whose policy is responsive co-operation will have their hands strengthened and they will have to say to the public that the mentality of the Government is being changed, and we must try to extract as much from the Government as possible. Under these circumstances I would most emphatically urge upon Government that they may be pleased to accept this modest demand of the House.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa Muhammadan) : Sir, as most of my colleagues are aware, when the Indian Sandhurst Committee was formed the Government went out of its way and fixed a quota for the number of officers to be admitted into the Indian Military Academy. At the time when this was done, there was a hue and cry in the country against that despotic action. No doubt our gallant colleague, His Excellency the Commander-in-Chief, has done a lot for Indianization and in his different statements in this House he has told us how far he has accelerated the pace of Indianization. I remember during the first year when I was in the Council he made a very important statement on the question of Indianization of the Indian Army. We are all thankful to him for what he has done, but we wish, Sir, that coupled with his victories in the fields of battle, he will also have his victories in the days of peace by accelerating the Indianization of the Indian Army. My interest in this Resolution is confined only to the question of further Indianization. Until Indianization is so increased as to make it possible for all the officers of the Indian section of the army to be recruited from India, we will go on pressing the demand for more and more Indianization. In this connection, Sir, I wish to bring in the old question of the martial versus the non-martial classes which has been figuring for such a long time in the controversy among ourselves. The martial classes among us think that the army should remain a monopoly of theirs, while the non-martial classes want that they should also be allowed to shoulder the burden of the defence of the country. At the moment, Sir, particularly, as is well known to His Excellency, men of my class, I mean Saiyods and others are agitating to get a share in the defence of the country. They have great complaints that the former procedure whereby the non-martial classes in the Punjab were being admitted to the army is not adopted and they are being excluded now. I do not insist on the form in which the Resolution has been moved. I simply wish His Excellency to give an assurance to the House that further Indianization is still in the air and that something will be done to accelerate the pace.

With these words, Sir, I support the Resolution.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : Sir, the first part of the Honourable mover's Resolution was quite plain to me and I think to the rest of the House. It represents what we heard from everybody who has spoken on this motion, a new demand for an increase in the pace of Indianization, and that I will endeavour to answer. But the second part of his Resolution I fail entirely to understand and I shall have to put my own construction upon it. I am afraid as regards the first part of the Resolution, the increase of the pace of Indianization, I cannot recommend that to the Government. The annual intake of young men to the Military College is governed solely by the number of Commissioned officers required for the present programme of Indianization. That programme was recommended and agreed to by the Sandhurst Committee which I presided over. It was accepted by His Majesty's Government in England and it was accepted by the Indian Government here; and the present intake of 60 cadets, which was mentioned so often to-day—60 cadets a year, that is 30 by open competition and 30 by selection from the non-commissioned officers and Viceroy's Commissions of the Indian Army—is just sufficient to implement that policy, that is to say, the Indianization of a complete division of infantry, a complete cavalry brigade, and all the ancillary services. That policy, Sir, was not undertaken without the most careful thought on the part of everybody

concerned, both Governments and ourselves in the Military Department, and for reasons which I have very often given, I think the House must realise that we cannot alter it at a moment's notice. It is not the slightest use blinking the fact in this House or anywhere else that we who are responsible for the safety of India are taking some considerable risk in this matter. We have not got in India as we have in England a large supply of young men with long traditions of service in the army behind them—their fathers, their grand-fathers and others having served in the army—with traditions of leadership and public school experience. Many of the young Indians who are already in the army are doing very well indeed and showing the greatest promise, but it is really not possible, believe me, to say when an officer has only seven or eight years' service, as the oldest of them now have, that he will be definitely fit to train troops in peace time and lead them in war and above all to retain the full and entire confidence of the men he leads. It has often been said—and it has been said several times today again—that if we confine ourselves to Indianizing only one division and one cavalry brigade and proceed with that programme as slowly as we are doing Indianization will take an unconscionable time before it shows the results which I know most Honourable Members here wish for, in which I fully sympathise. But as I have said on more than one occasion in other places, this is not the case. I have repeatedly said that it is not now that you can tell whether the young Indian officers will be a success. It is when these young men have had six or seven years' more service and are commanding companies, squadrons and possibly batteries. That is the time in a military officer's career when we can tell whether he is any good or not. We cannot tell for certain when he has only seven years' service whether he is going to have the confidence of his men and be what we want him to be. But in another six or seven years is the time to accelerate Indianization; and I am perfectly certain that if these young men who are now serving in the army show when they have got 14 years' service that they are fit to assume the responsibility that I think most of them will be fit for, there will be no question but that Indianization will be very rapidly increased. But if we do it now and these young men do not come up to our expectation—I do not for a moment say that they are not going to, I am pretty sure they will—but if they do not come up to our expectation and we who are responsible for the safety of India had vastly increased the pace of Indianization as we are so often pressed to do, we should have destroyed the efficiency of the army in India; and whatever may be the speed of your political advance, it will be very many years before India can do without a thoroughly efficient army.

The Honourable Member's second proposition is very much more difficult to deal with, because, as I have said, I simply cannot understand him. I have heard him and I have also heard other speakers to the motion talking about selection, picking out men from the University Training Corps and giving them vacancies here and vacancies there. There is no question of any thing of that sort. The Indian officers of the army are selected by examination with the exception of the Indian cadets who come from the actual serving army who are selected by me and my officers but after an examination and after undergoing a system of tests by a very rigid process of marking. His Resolution is worded as if I or the military authorities allotted vacancies to the Military Academy according to our own sweet will and he appears to think—and judging from the letters I get from all parts of India many other people also think—that I as Commander-in-Chief nominate for all these vacancies. I do nothing of the sort. Everybody, whether he be from the South of India or the North of India, from the martial races or the non-martial races, has just the same chance of getting into the Indian Sandhurst as anybody else. He has to pass the

[His Excellency the Commander-in-Chief.]

interview and record examination and the medical board after which he sits for his examination and if he passes among the first 15 he gets in, if he does not, he does not get in. If 12 pass, I have the privilege of nominating the remaining three but I have never yet exercised it and other things being equal I never do intend to exercise it. It goes to the next three in order of marks.

Now, Sir, I will not detain the House any longer but I will ask the Honourable mover if, in view of what I have said, that is to say, my full sympathy with his wish to increase Indianization, the impossibility of those who have the safety of India in our keeping of increasing it quicker than we are doing now and until such time as we are quite certain that these young officers have proved themselves fit, and in view of the fact, as I hope I have convinced him, that there is no favouritism whatever in the selection of candidates for Sandhurst and through that for the army, I hope he will see fit to withdraw his Resolution.

THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT : Sir, I have heard the speech of His Excellency the Commander-in-Chief with interest. The Government cannot do anything at present to give effect to the simple principle involved in my Resolution but it is a matter of great satisfaction that His Excellency has got every sympathy towards the principle of Indianization and I hope if not today His Excellency will see his way to do the best he can during the tenure of His Excellency's office in enhancing the cause of Indianization in the army.

With these words, Sir, I beg leave of the House to withdraw my Resolution.

THE HONOURABLE THE PRESIDENT : Is it the pleasure of the House that the Resolution be withdrawn ?

(One or two Honourable Members objected.)

THE HONOURABLE THE PRESIDENT : Resolution moved :

" That this Council recommends to the Governor General in Council to take steps to secure the increase of the present number of cadets annually admitted to the new Indian Military Academy, Dehra Dun, by at least 50 per cent. and to distribute the same equitably among the different University Training Corps units throughout India and the Prince of Wales Royal Military College, Dehra Dun."

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House) : But does the House not wish the Resolution to be withdrawn ?

THE HONOURABLE THE PRESIDENT : No, there is an objection taken by one or two Members. If an objection is taken, under the Standing Orders the President has to put the Resolution to the vote.

THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT : But, Sir, when I withdraw the Resolution ?

THE HONOURABLE THE PRESIDENT : But withdrawal can only take place with the leave of the Council. If any individual Member objects to it leave cannot be granted and the President has to put the Resolution to the Council.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : On a point of order, Sir....

THE HONOURABLE THE PRESIDENT : You cannot raise a point of order at this stage.

The Council divided :

AYES—8.

Banerjee, The Honourable Mr. Jagdish Chandra.
Dutt, The Honourable Rai Bahadur Promode Chandra.
Ghosh Maulik, The Honourable Mr. Satyendra Chandra.
Hossain Imam, The Honourable Mr.

Mehrotra, The Honourable Rai Bahadur Lala Mathura Prasad.
Moti Chand, The Honourable Raja Sir.
Naidu, The Honourable Mr. Y. Ranganayakalu.
Ram Saran Das, The Honourable Rai Bahadur Lala.

NOES—32.

Akbar Khan, The Honourable Major Nawab Sir Mahomed.
Bartley, The Honourable Mr. J.
Basu, The Honourable Mr. Bijay Kumar.
Bentham, The Honourable Sir Edward.
Charanjit Singh, The Honourable Raja.
Choksy, The Honourable Khan Bahadur Dr. Sir Nasarvanji.
Coburn, The Honourable Mr. M. R.
Commander-in-Chief, His Excellency the.
Cotterell, The Honourable Mr. C. B.
Devadoss, The Honourable Sir David.
Drake, The Honourable Mr. J. C. B.
Fazl-i-Husain, The Honourable Khan Bahadur Mian Sir.
Ghosal, The Honourable Mr. Jyotsnanath.
Hafeez, The Honourable Khan Bahadur Syed Abdul.
Halim, The Honourable Khan Bahadur Hafiz Muhammad.
Hallett, The Honourable Mr. M. G.
Jalan, The Honourable Rai Bahadur Radha Krishna.

Johnson, The Honourable Mr. J. N. G.
Kameshwar Singh, The Honourable Maharajadhiraja Sir, of Darbhanga.
Maqbul Husain, The Honourable Khan Bahadur Sheikh.
Mehr Shah, The Honourable Nawab Sahibzada Sir Sayad Mohamad.
Mehta, The Honourable Mr. H. M.
Miller, The Honourable Mr. E.
Murphy, The Honourable Mr. P. W.
Noon, The Honourable Nawab Malik Mohammad Hayat Khan.
Padshah Sahib Bahadur, The Honourable Saiyed Mohamed.
Raghunandan, Prasad Singh, The Honourable Raja.
Russell, The Honourable Sir Guthrie.
Shillidy, The Honourable Mr. J. A.
Suhrawardy, The Honourable Mr. Mahmood.
Taylor, The Honourable Mr. J. B.
Watson, The Honourable Sir Charles.

The motion was negatived.

(The Honourable Rai Bahadur Lala Jagdish Prasad, in whose name stood the next Resolution,* was not present when his name was called by the Honourable the President.)

The Council then adjourned till Eleven of the Clock on Wednesday, the 8th March, 1933.

* This Council recommends to the Governor General in Council to take steps to secure that this House is adequately represented in the delegation which is to be sent out from India to sit with the joint select committee of Parliament for examining the proposals for Indian constitutional reform.

COUNCIL OF STATE.

Wednesday, 8th March, 1933.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

STOCKS OF CINCHONA BARK.

139. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :

(a) Will Government please state the quantity of cinchona bark belonging to the Government of India that is in store in Calcutta ?

(b) What was the quantity in store for the last five years ?

(c) Will Government please state how much they have lost in the shape of interest on the capital locked up in this cinchona bark ?

(d) Is it a fact that the quantity of quinine deteriorates if it is kept for a long time ?

(e) Has the attention of Government been drawn by the Public Accounts Committee to the question of disposing of this stock of cinchona ?

(f) What steps have Government taken during the last few years to reduce the quantity ?

(g) Is it a fact that, apart from the capital locked up in this store a large amount of money is spent in warehousing this cinchona ?

(h) Why is not this cinchona sold by public auction or distributed to the Local Governments for being sold to tradespeople at a reasonable price ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN.

(a) and (b). Cinchona bark of the Government of India is not stored at Calcutta but at Mergui (Burma) and at Mungpoo (Bengal). The figures of the stock are :

	Lbs.
On the 31st March, 1932	7,15,087
On the 31st March, 1931	6,30,256
On the 31st March, 1930	6,70,653
On the 31st March, 1929	5,94,664
On the 31st March, 1928	4,89,290

(c) The stocks were accumulated for public benefit and not for pecuniary profits. No account of loss of interest has, therefore, been maintained.

(d) No.

(e) Yes.

(f) Orders have been issued forbidding extension of the Government of India's cinchona plantations and measures for reduction in the production of bark are proceeding as quickly as considerations for capital value, represented by a developed area, would allow.

(g) No.

(h) The question of selling the surplus stocks of quinine is already under consideration.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : The Honourable Leader has told us what the stocks were up to 1932. May I know what are the present stocks ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : I am afraid I must ask for notice of that question.

REVENUE REALIZED FROM THE ADDITIONAL SALT DUTY.

140. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :
(a) Will Government please lay on the table a statement showing the amount of money realised from the additional salt duty and the amount distributed to the Local Governments concerned, year by year ?

(b) Did the Local Governments spend their quotas for the purpose of encouraging indigenous salt manufacture ? If so, to what extent ?

(c) Has it been represented to the Government of India that there is a very strong feeling among the people and the Governments of Bengal and Bihar against the imposition of this additional salt duty ?

(d) Is it a fact that a large amount of money goes to the pocket of Aden manufacturers at the cost of consumers in Bengal and Bihar ?

(e) Has Government considered whether the rate of Rs. 66 per 100 maunds of salt is now in excess of a fair price for salt ?

(f) What steps Government propose to take in this matter ?

THE HONOURABLE MR. J. B. TAYLOR : (a) A statement is laid on the table.

(b) The Local Governments have not spent their quotas so far in encouraging indigenous salt manufacture.

(c) Yes.

(d) This is a matter of opinion.

(e) Yes.

(f) The question is at present under consideration by Government in consultation with the Salt Industry Committee of the Legislative Assembly.

Statement showing the amounts of additional duty on foreign salt collected and distributed.

(Figures rounded to hundreds of rupees.)

	1930-31 and 1931-32 (from 18th March, 1931).	1932-33.	
		First half of 1932-33.	From 1st October, 1932, to 31st January, 1933.
Total duty collected	15,99,200	9,10,900	7,44,500
Amounts distributed to Local Governments :			
Bengal	5,36,600	3,59,100	Not yet distributed. Distribution is made once each half year.
Bihar and Orissa	2,83,500	1,89,700	
Assam	64,400	43,100	
Bombay	16,700	11,200	
United Provinces	8,500	5,700	
Central Provinces and Berar .	900	600	
Madras	200	100	
Burma	4,88,500	1,87,500	

DEVELOPMENT OF AN INDIAN MERCANTILE MARINE.

141. THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD:

(a) Is it a fact that it is the accepted policy of the Government of India to develop an Indian Mercantile Marine by providing for an adequate participation of Indian shipping in the coastal and overseas trade of India?

(b) If so, what steps are Government taking to give effect to this policy?

THE HONOURABLE MR. J. C. B. DRAKE: (a) The reply is in the affirmative.

(b) In pursuance of the policy of assisting the development of an Indian Mercantile Marine the Training Ship "Dufferin" has been established at Bombay for the training of deck officers. Government have also granted scholarships to nine Indian boys, tenable in the United Kingdom, for training in Marine Engineering, and the question of providing facilities in India for such training is under consideration. As regards further steps in the direction particularly indicated in the question, the attention of the Honourable Member is invited to the replies given by Sir George Rainy to somewhat similar questions asked in the Legislative Assembly by Messrs. S. C. Shahani and B. Das on the 29th January, 1931, and the 29th March, 1932, respectively. The whole question is still under consideration.

RESOLUTION RE TELEGRAPH POLES.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan): Sir, I rise to move the Resolution which stands in my name and which reads as follows :

"This Council recommends to the Governor General in Council that additions to or replacements of telegraph poles carrying wires be of timber purchased in India or Burma where this would be in every way economical."

Sir, my object in moving this Resolution is two-fold. The first object is to effect a saving in the expenditure of the Department by replacing metal with timber poles. Secondly, to find additional employment to many people in the forests. As far as my information goes, we have over 106,000 miles of telegraph lines, and in each mile we have on an average 22 posts. The average price of a metal tubular pole is about Rs. 20-8-0. Timber poles are very much cheaper, and so far as I have been able to find out, their prices are as noted below :

Chir poles, 14 to 16 ft. long and 5 to 5½ in. in diameter at Rs. 1-4-0 each at Sihala railway station near Rawalpindi.

Chir poles, 14 to 16 ft. long and 6 to 8 in. in diameter at Rs. 1-8-0 at Sihala railway station.

Chir poles, 18 ft. long and 6 in. and over in diameter are sold at Rs. 1-8-0 to Rs. 1-10-0 at Nagrota station (Kangra Valley Railway).

Sal poles, 18 ft. long, 6 in. bottom diameter, 4 in. at 16 ft. and 3½ in. on top are Rs. 1-9-0 at Dehra Dun station.

Sal poles, 14 to 18 ft., 6 in. diameter at the bottom and tapering to 4 in. at 16 ft., then to 3½ in. at 18 ft., respectively, are 10 to 12 annas at Sheramon station (Rohilkund and Kumaon Railway).

Central Provinces *teak* poles, 18 ft. long and 5 to 6 in. in diameter are Re. 1 and Rs. 1-4-0 in the Central Provinces.

[Rai Bahadur Lala Ram Saran Das.]

Central Provinces *teak* poles, 18 ft. long and 6 to 7 in. in diameter are Rs. 1-4-0 and Rs. 1-8-0 in the Central Provinces.

These rates are in quantities of a full railway wagon load, but a reduction of 10 to 15 per cent. may be anticipated if they are obtained in large quantities from the Government Forest Department or big forest contractors. As regards poles in Burma, I have no quotation but I understand that they are available for about Rs. 6 each. Sir, in Kashmir, timber poles are in use on the line from Domel to Srinagar, and we find that there timber poles have done very well, except that some trouble was experienced with the portion of the pole which is embedded in the earth and replacements were required for that reason after 15 years' use. But in these times when science has made such progress, many methods have been devised to protect timber from the effects of soil and white ant depredations and other things. I understand that the Railway Department have succeeded in creosoting sleepers of soft timber and these are now being used on an increased scale. In case, however, this is a serious difficulty in the way of replacing metal with timber poles, I would suggest that that portion of the poles which is buried in the soil, be chemically treated with either creosote or something else. If that is not possible then I would suggest that the bottom portion for timber poles be of cast-iron, as is in the case of the metal poles. Sir, in this way we shall be able to effect a great saving. A point can be raised that timber poles are heavy and the cost of carriage will come to a good bit. As far as that point is concerned, I might mention that almost all over India, barring Rajputana and Sind, we have got very good forests near by. We have forests starting from Peshawar right round to Patna and we have timber suitable for poles in the near hills, and if arrangements are made so that the supply can be procured at certain points alongside the railway line, great economy can be effected. My Resolution does not mean that metal poles should be replaced by timber poles everywhere. I leave the choice to the Government. Wherever they find that my proposal leads to savings, the proposal might be adopted. As far as I understand, Sir, the Telegraph Department has not gone seriously into this question at all. If they had gone into this question, perhaps they would have adopted the proposal which I now put forward in my Resolution long ago. All over the Continent of Europe I am told that timber poles are being used. Timber poles are being even used in places where metal poles are manufactured and there is no reason why we should not use timber poles in India. The price, as I have already said, of an A. B. metal pole is approximately Rs. 20 and that of a timber pole is approximately Rs. 1-8-0 to Rs. 2. I am told that the life of a metal pole is 45 years and that of a wooden pole 15 years. Sir, that has been determined on the practical results of the bottom portion of the timber poles. If the bottom portion is treated with chemicals or are replaced by cast-iron bottoms, their life will be practically as long as that of metal poles. We see, Sir, that timber in many old buildings does survive though it has been in use for over a century. The difference in price of timber and metal is so big that the Department ought to examine this question very seriously and in case they find that they can effect a saving and also find more employment for Indian labour thereby, I would request the Government to accept my Resolution.

With these words, Sir, I commend this Resolution for the favourable consideration of the House.

THE HONOURABLE MR. H. M. MEHTA (Bombay : Non-Muhammadan) : Sir, I have every sympathy with the Resolution moved by my friend, the

Honourable Lala Ram Saran Das, but I think there are very many practical disabilities in having wooden poles instead of steel poles. First of all, my friend the Honourable Lala Ram Saran Das quoted the price of several poles of different dimensions and lengths. I must inform the House and also my friend, the Honourable Lala Ram Saran Das, that tensile strength of the wooden poles is not the same as the tensile strength of the steel poles. If a steel pole is of 4 or 5 in. diameter, we require for the same strength a wooden pole of nearly double the size. Then the question of length comes in a great deal. My friend has quoted for 14, 16 or 18 ft. All these lengths are absolutely useless, because the least length that is required—and I have electrified many towns and I know it—to give proper strength for straining the copper wire on the poles, is that you must at least have 6 to 9 ft. underground. In the case of steel poles it is about 6 to 8 ft. according to the size. I cannot say with any certainty how much it would require to put wooden poles underground for that purpose. That being so, you have another 17 or 18 ft. at the least in height above the ground. Therefore the poles required are generally at least 30 ft. in length and go up to 42 or 45 ft. above. Now, my friend, the Honourable Lala Ram Saran Das, observed that compositions have been found that would save the poles from white ants and other insects. If that is not possible, he suggests the putting of cast-iron poles underground and to put wooden poles on the top. I do not think that is feasible either, because white ants and other insects in this country, being a naturally warm country, can affect the wooden parts in spite of all that you may apply to save them and the life of the wooden pole would be much less than that of steel poles. But the cost of the wooden pole is not the whole thing. There is the cost of laying the lines and the copper, and if any basement goes rot then you have to pull down the whole structure, replace the pole and get on to the whole structure above and re-line the whole line. That is far more expensive than the cost of the pole itself. I perfectly agree with my friend, the Honourable Lala Ram Saran Das, that in Europe and in England there are wooden poles to a great extent, but I may inform him why it is so. When those poles were laid steel poles were not in existence, and they are also of oak timber which is a very hard wood and the danger of white ants and other insects in Europe on account of the cold climate is far less than it is here. Still, I may inform my friend, the Honourable Lala Ram Saran Das, that when they find these oak poles going rot, they replace them now by steel poles which they find far more cheaper in the end. Now, the suggestion of my friend, the Honourable Lala Ram Saran Das, is to have cast-iron poles underground and wooden structures on the top. I do not think that also is feasible looking upon it with an engineering eye, because you have to drive the wooden pole inside the cast-iron socket and bolt it by some means. That would make the pole far weaker and it would not stand the straining of the copper wire.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : Sir, I accord my hearty support to the Resolution of the Honourable the Leader of my Party which has been so ably moved and explained by him for the acceptance of this House. A Resolution of this nature must meet with the approval of this House, Sir, in as much as it aims at effecting considerable economy and therefore in these days of the economy campaign and cry for retrenchment of expenditure, Government, I hope, will have no hesitation in accepting this Resolution. Moreover, if this Resolution is accepted by Government and its implications given effect to, the Indian and Burmese timber trade may shew a marked improvement because along with others there is a remarkable slump in this trade owing to the economic crisis all the world over.

[Mr. Jagadish Chandra Banerjee.]

Sir, it is not uncommon that the telegraph poles carrying wires may be of timber because I have come to learn from some of my friends that there are wooden poles in Great Britain. If in a country like Great Britain there can be wooden poles for carrying telegraph wires and if those poles can stand the cold climate of that place, then I do not see why timber poles for carrying telegraph wires in India should be unsuitable for India's climatic condition. And as regards economy, the House will certainly agree with the mover of this Resolution that if the additions to or replacements of the telegraph poles be of wood they would undoubtedly make for a great saving to the Posts and Telegraphs Department. But before I record my vote in favour of this Resolution I should like to point out one particular thing which, it seems to me, the Honourable the mover has not considered at all. In many parts of the country in Bengal, Sir, the lands are low and the country is flooded in the rainy season and remains submerged in water for about six months in the year. In these circumstances, Sir, the timber poles for carrying telegraph wires have every chance of rotting if they remain exposed in water for such a length of time in the year. Then, in that case, the timber poles will be false economy, Sir. I would, therefore, ask Government not to disturb the existing arrangements in Bengal as regards the poles and not to replace them by timber ones; but when new poles will be required either for replacements or additions, those should be purchased from the Tata Iron and Steel Company who, I think, can manufacture the materials for the poles that are required by the Posts and Telegraphs Department at cheaper rates than those of British manufacture; and tenders should be called for from Tatas before placing such orders. However, Sir, while supporting the Resolution, I would, in the name of economy and expedience, ask this House and Government to adopt it without any objection.

THE HONOURABLE MR. G. A. NATESAN (Madras : Nominated Non-Official) : Sir, my Honourable friend, Lala Ram Saran Das, is such a big business man and his reputation is so well known and if I am not mistaken he has had a special training in an engineering office, that I shall with very great hesitation try to lay before him certain doubts that I have. From my very small knowledge of buildings from opportunities which I have had of considering tenders for big buildings for the Corporation of Madras and the Senate of the Madras University I can say this that it has often been pointed out to us, and I think by expert engineers and others qualified to advise us that as regards even rafters, sleepers and posts for the inside of buildings, not only from the view of economy but largely from the point of view of durability, it is better to replace timber with iron or steel. I may state at once that there are many people, at least in my own province, who when they are asked to fence their compounds—and the compounds are very big indeed—they have found from experience that timber even of the best kind is not suitable. In the first place, they perish very easily. Secondly, almost annually you have to get them painted. Now, it strikes me that my Honourable friend Lala Ram Saran Das gave the case away when he said that it might very legitimately be objected that if timber posts are to be substituted for iron posts for telegraph wires, the bottom would be eaten away and you would have to take precautions and instead of saying that a certain chemical could very easily be found to remove the defect he wants the Department to find out a certain chemical mixture which might be put over the bottom of the pole, and apart from that, as was pointed out by the Honourable Mr. Mehta, what would be the cost of having posts underground in iron or steel and then

having proper sockets to fit up these timber posts. Then he said in England and other countries timber posts are used. One explanation for that was given by the Honourable Mr. Mehta. But we must also remember that in a tropical country like India timber posts are likely to be more easily affected by the hot weather which is very predominant in this country. Now, if private landlords and others who have to do with houses and those who have had experience in giving contracts for very big buildings have been advised that in general it is cheaper to have iron posts, I should certainly hesitate before giving my vote for the Resolution.

I would also point out one thing more, that even when timber rafters are used nowadays in buildings because same people are somewhat orthodox in that way, we are asked to take particular precautions to leave a considerable amount of space in the walls on either side and to see that the timber ends on either side which are left open are painted properly from time to time. These are the difficulties which people who have to do with big buildings have experienced and as I have said before I speak with considerable hesitation on a question like this but these are the practical difficulties and if my Honourable friend Lala Ram Saran Das is able to convince me in regard to these difficulties, I shall be glad to vote in favour of his Resolution as it stands but not otherwise.

***THE HONOURABLE SIR EDWARD BENTHALL** (Bengal Chamber of Commerce): Sir, unlike one or two Members who have spoken I can claim no special knowledge of telegraph poles but it seems to me that this Resolution divides itself into three principles. It says that the poles carrying wires should be of timber, that they should be purchased in India or Burma, and that they should be of the most economical sort available. As to the question of their being purchased in India or Burma I am entirely with the Honourable mover. As to the question whether they should be timber or not, I have not made up my mind because it seems to me that this is a technical matter which should be decided by the technical experts. Nothing that I have heard has convinced me, for instance, that timber is necessarily the most economical substance. Mr. Mehta has pressed for steel. Mr. Banerjee argued for timber, I think. There is also a third possibility—that of cement poles which in certain conditions might, I think, be the most economical of all. If, however, we look closely at the Resolution it really boils down to the third principle of what is the most economical and it boils down to this, I think, that Government should buy the most economical poles possible from indigenous material: if it is timber so much the better. On that understanding, that Government should buy the most economical poles, and if that is timber then Government should buy timber poles, I see no objection to the Resolution.

THE HONOURABLE MR. J. A. SHILLIDY (Industries and Labour Secretary): Sir, I am very grateful to the Honourable Sir Edward Benthall for elucidating this Resolution. I do not think it was entirely understood by everybody or that people had scanned it very carefully. Government have no difficulty in accepting this Resolution because it really embodies nothing more than the practice of the Department. What it says is that if timber is found to be the most economical material then use it. Well, that is exactly what we do. Where we find timber most economical we do use it. Where we find another material more economical we use that. Consequently it is only the practice of the Department which this Resolution is asking us to accept,

* Speech not corrected by the Honourable Member.

[Mr. J. A. Shillidy.]

and therefore I have no difficulty in accepting it. But, on the other hand, I should like to make it very clear I do not accept the arguments that have been put forward by the Honourable Lala Ram Saran Das. I do not think it is necessary for me to go into all his arguments. They seem to me to have been very fully discussed. The Honourable Lala Ram Saran Das gave a whole lot of figures and he suggested that the Telegraph Department had never gone into the question of cost. I can assure him that they have gone into this question and since he mentioned Kashmir, I have an estimate here showing what would be the cost of having wooden and tubular post lines from Domel to Srinagar, which is a distance of 112 miles, with a life of 15 years for timber. I may say a lot of people think that excessive and some people have put the life of timber down as low as four or five years. But even allowing for a life of 15 years, and allowing for a life of 45 years for tubular posts,—I think the Honourable Member accepted 45 years as the life of tubular posts—timber would cost us about Rs. 1,13,000 more than tubular post lines. I merely mentioned these figures as an estimate and to meet the Honourable Member's argument that we had not gone into the figures.

The Honourable Member went on to suggest the treatment of the posts. He referred to the custom of the Railway Department. He referred particularly to treatment of the ends of poles which have to be underground. I have not yet heard—I believe the Chief Commissioner will bear me out—that the Railway Department are running underground lines with wooden rails on which their trains run. And yet that seems to me to be the argument which he could make on the analogy he mentioned.

The only other point that I have got to make is with regard to his statement that timber gives large employment to many people in the forests, and, therefore, if we should use it, we should be giving help to an Indian industry. Now, Sir, we get these tubular posts from plates provided by Tatas and prepared in our workshops. That seems to me to be an Indian industry too, and I cannot see why, on the ground of helping industries we should buy timber, and not help this other Indian industry, the Tata Iron Works and our own workshops which also employ Indian labour.

Sir, there is really very little left for me to say. Honourable Members have shown themselves that the arguments which the Honourable Member puts forward in favour of timber cannot be accepted. I accept the Resolution as it stands, but I must make it clear that I cannot accept the arguments which the Honourable Member put forward to show that timber was necessarily the better and cheaper material.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, I thank my friend the Honourable Mr. Shillidy for accepting this Resolution, though he does not feel that my arguments have much convinced him. However, my request is that the Department should go into this matter more fully than it has done in the past and in case they do so, the object underlying my Resolution will be achieved. My friend the Honourable Mr. Mehta observed that the tensile strength of the timber pole is not the same as that of steel poles. That everybody admits to be the case, size for size. He indicates that the timber pole ought to be double the size of the steel pole, but the price of even a double size timber pole is much cheaper than that of the steel pole of half the size. Then the Honourable Mr. Mehta said that wooden poles ought to be about 30 ft. long. His experience of poles for carrying electric wires is different from telegraph poles, because under the

Electricity Act, the electric poles must be much longer than the telegraph poles. As far as I understand, the telegraph poles are generally 18 ft. long.

THE HONOURABLE MR. H. M. MEHTA : Am I to understand 18 ft. above the ground or altogether 18 ft ?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Altogether 18 ft. Then, as regards the attack of white ants on these poles and as regards their life, the Telegraph Department themselves say that as far as the timber poles in Kashmir are concerned, the replacement was due to the poles underground being affected which defect can be removed by treating chemically the bottom of timber poles or having cast-iron bottoms made for them. My friends says that this is not practicable. There I disagree with him. It is practicable, and it can be very easily done. We have oak in India and oak posts can be used where oak is cheaper.

Sir, my friend Mr. Banerjee has said that in Bengal the climatic conditions are different. Sir, I do not advocate that everywhere timber poles are to be used. I say that they must be used only where they are found to be economical. In case they are not found economical in Bengal, they need not be used there. But my friend perhaps does not know that every year there is replacement of poles for about 1,500 miles. In case I am wrong, I am open to correction.

THE HONOURABLE MR. J. A. SHILLIDY : We shall adopt the more economical way of replacement.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Certainly. That is what I expect from my Honourable friend.

My friend, the Honourable Mr. Natesan, has paid me a compliment and I am obliged to him for that. But I might assure him that the use of timber in the case of buildings is vastly different and there very much superior timber is used. There of course we have to see which of the two is cheaper, generally the use of steel beams or steel angles is cheaper than timber. Wherever wood is economical, it is being used even now.

My friend, Sir Edward Benthall, has advocated the use of cement poles wherever they are found economical. I can say that as far as cement poles are concerned, they will not be so cheap as timber poles, and besides, there is one great difficulty with cement poles that whenever there is any collision with them, they shatter up and break, reinforcement being exposed bends.

THE HONOURABLE SIR EDWARD BENTHALL : Not if they are properly made, I think.

THE HONOURABLE RAI BAHADUR LALA RAMSARAN DAS : I am giving my experience of the poles that were used in Lahore Cantonment, and which were manufactured under expert supervision. Whenever there was any collision with them they broke up.

THE HONOURABLE MR. H. M. MEHTA : My Honourable friend will understand that it requires iron rods binding inside the cement poles, and they are dearer if they have to be of the same tension strength as the steel poles.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I believe the Government engineers there went thoroughly into the question of these cement poles and the metal reinforcements that were put therein. I simply wanted to point out the defect with regard to concrete poles.

[Rai Bahadur Lala Ram Saran Das.]

My Honourable friend Mr. Shillidy says that in the line from Domel to Srinagar the cost of the timber poles will be much higher than that of the metal poles. That is a case, Sir, where timber can be had cheap and has not to be carried over a long distance. I wish this matter be fully re-examined. I thank my Honourable friend Mr. Shillidy and the Government for accepting my Resolution. I wish the telegraph and forest experts should go deeply into this question and adopt the course most economical.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : May I put a question ?

THE HONOURABLE THE PRESIDENT : You cannot put a question. If you wish to address the Council you can do so.

The Resolution before the House is :

"This Council recommends to the Governor General in Council that additions to or replacements of telegraph poles carrying wires be of timber purchased in India or Burma where this would be in every way economical."

The motion was adopted.

THE HONOURABLE KHAN BAHADUR HAFIZ MUHAMMAD HALIM (United Provinces West : Muhammadan) : Sir, I am not going to move my Resolution.*

(The Honourable Khan Bahadur Chaudri Muhammad Din, in whose name stood the next Resolution,* was absent.)

THE HONOURABLE THE PRESIDENT : I would like to say a word about this Resolution. Notice was given of three Resolutions which are identical in character. Two of the Honourable Members in whose names the Resolution stood are absent and one Honourable Member has refused to move the Resolution. I may point out that Honourable Members should kindly bear in mind that Resolutions of this character involve considerable expenditure of time and trouble to the department to which it refers and it is scant courtesy to that department that when the Resolution comes up for discussion it should not be moved and no explanation given as to why the Resolution has not been moved. I would only request Honourable Members to bear that fact in mind.

RESOLUTION *RE* REPRESENTATION OF THE COUNCIL OF STATE ON THE INDIAN DELEGATION TO THE JOINT SELECT COMMITTEE OF PARLIAMENT.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern : Non-Muhammadan) : Mr. President, I beg to move the following Resolution :

"This Council recommends to the Governor General in Council to take steps to secure that this House is adequately represented in the delegation which is to be sent out from India to sit with the Joint Select Committee of Parliament for examining the proposals for Indian constitutional reform."

*"This Council recommends to the Governor General in Council that in the gradation lists of each postal circle, the names of all the inspectors, whether employed in towns of first class head offices or in the mufassil, who from various time-scales of pay were brought on to the revised uniform scale of pay, viz., Rs. 160—10—250 by Government Order 11-P. T. E., dated the 5th August, 1927, be serially arranged strictly in order of the dates of their substantive appointment to an inspector's post prior to the revision of 1927."

Sir, it is a well-known fact that the public do not view this Council with favour, because they think that, composed as it is, this House does not voice popular opinion. On the other hand, Government do not much care about this Council, to which belief some of the non-official Members gave expression the other day, apparently because the Government are sure of a comfortable majority in this House. The non-official Members therefore feel as if they are between the devil and the deep sea. On the one hand, they are not as a body respected by the public, and, on the other hand, their claims are not infrequently ignored by the Government. Now, the question is : which of the two parties, namely, the Government and the general public, should be more regardful of the interests and claims of this House ? And I think the question admits of but one answer, and it is this. The party which is more benefited by the existence of this House should have more regard for the claims and interests of the House. And, knowing as we do that it is the Government whom this House almost always supports through thick and thin, it is up to the Government to show proper consideration for the prestige and privileges of this House. Some examples were given the other day of the fact that the Government had not in the past always shown proper consideration to this House. I may quote another instance today in support of that belief. Although the Legislative Assembly was represented at all the three sessions of the Round Table Conference, if my memory serves me right, this Council was represented only at the first two sessions and no Member of this House was selected for the third session of the Round Table Conference. Now a fresh opportunity is in sight. We know that a Joint Select Committee of Parliament is going to be constituted to examine the proposals for Indian constitutional reform, and we know that a delegation will be sent out from India to sit with that Joint Parliamentary Committee. His Excellency the Governor General in the course of his inaugural address to the Assembly last month gave an assurance that places would be found for some representatives of the Indian Legislature among the persons to be called into consultation with the Joint Select Committee ; which means that some representatives of the Indian Legislature will be included in the delegation which is to go out from India. My only request is that along with the representatives that might be selected from the Legislative Assembly for the purpose, some representatives should be selected from this House also on this important occasion. The question of the prestige and dignity of this Council is involved in this matter. It is simply in the interests of the prestige and dignity of this House therefore that I have ventured to bring forward this Resolution.

THE HONOURABLE SARDAR BUTA SINGH (Punjab : Sikh) : Sir, I think the Government will readily agree that the claims of the Council of State will be fully recognized in considering the representation of the Central Legislature to the Joint Select Committee. The Council of State represent large agricultural and industrial vested interests and deserves at least equal representation with the Legislative Assembly. I think we can safely rely on His Excellency the Viceroy safeguarding the interests of an order to which he himself belongs.

Sir, with these words I have great pleasure in supporting the Resolution.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : Sir, in view of the fact that the demand in the Resolution of our friend, the Honourable Rai Bahadur Lala Jagdish Prasad,

[Mr. Jagadish Chandra Banerjee.]

is so well-grounded, so sensible and so legitimate, I will most gladly lend my unqualified support to it. Sir, when the Joint Select Committee of Parliament will examine the proposals for India's further constitutional reforms which are expected to be of far-reaching importance and consequence, it would be doing an injustice to this Honourable House, if it is not adequately and properly represented in the delegation that is to be sent out to sit with that Committee. There can be no denying the fact that the Upper House of the Central Legislature in India should have a voice in framing the future constitution of India ; otherwise what is the necessity for such a House if its opinion is not consulted in a matter that will bring in a new order of things in our country ? It will be tantamount to treating this House with scant respect if it is not properly represented in the proposed Indian delegation. In the third Round Table Conference, Sir, our House was not represented and therefore it is of the utmost necessity that the Indian delegation should consist of some representatives of this House to lay before the Joint Parliamentary Committee our views on such matters that will come up for discussion before it. Sir, the examination of the proposals for future Indian reforms would be incomplete if this House is not given its rightful place in the Joint Select Committee because of the fact that it is a representative House of the men of light and leading who have sufficient stake in the country and who by their birth, education and culture are the natural leaders of the country. I would like to remind the Treasury Bench of this aspect of the question to which I hope they will give due consideration before saying no to this Resolution. In consideration of this particular fact and in view of the importance of this House in the present constitution of India and the position the Members of this House hold in the country it is but natural that they must have a hand in the shaping of the future destiny of India. Our grievance will be aggravated if this time this House is not represented in the Indian Delegation which will sit with the Joint Parliamentary Committee. Ours is not an absurd demand, Sir. What we want our Government to do is that they should render to Cæsar the things that are Cæsar's.

In conclusion, I would ask this House to accept the Resolution and request Government most earnestly that they should not relegate this House to the cold shade of neglect while selecting the Indian Delegation that will sit with the Joint Parliamentary Committee.

With these few words, Sir, and fully subscribing myself to the views of the mover of the Resolution I should like to resume my seat hoping that our just demand will be fulfilled by Government.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA (United Provinces Central : Non-Muhammadan) : Sir, I rise to support the Resolution moved by my Honourable friend, Rai Bahadur Lala Jagdish Prasad. The meaning of the Resolution as I understand it is not that this House may be represented in a way which is comfortable to the Government. By the words "adequately represented" is meant that it should be represented by men who could put the nationalist point of view before the Joint Parliamentary Committee. Sir, here I am reminded by the definition of "statesman" and "politician" that was revealed by His Excellency the Governor of the United Provinces, in his address to the King George's Medical College the other day. But when I say that this House should be represented by a statesman, I mean to stick to the definition that we have already been following, that is, the statesman is one who keeps the cause

of the country above himself and does not think of self-aggrandizement or gaining the good wishes of the Government ; and the politician is one who is ready to sacrifice the country for the sake of his aggrandizement. So, Sir, I stick to this definition when I say that this House may be represented by statesmen who are prepared to make sacrifices for themselves in the cause of the country, and I hope that if the Government choose to recommend Members of this House they will keep this point in view and hence I whole-heartedly support the Resolution.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, I am not very optimistic and I am not deluding myself with the hope that the Government will ever think it proper to uplift this House in any way in the esteem of the people. I should just like to recount a short history of the representation of this House in the Round Table Conferences that have preceded this Joint Select Committee. In the first Round Table Conference this House was represented by two Honourable Members and I remember, in 1931, when I brought forward my Resolution in February about direct or indirect system of election to this House, I had to state, even in those days, that this House was not adequately represented, and my colleague, our very dear friend, Sir C. P. Ramaswami Ayyar, took some exception to this. In the second Round Table Conference we fared little better. In addition to those two Members, three additional Members were selected from this House and a would-be Member of this House, Sir Edward Benthall, was also included in the list. In the third Round Table Conference after having got five Members, we all of a sudden dropped from the Government's favour and not a single Member of this House was deemed fit to sit on the third Round Table Conference. There was some resentment among the Members on this side of the House and we would have given expression to it by moving an adjournment of the ordinary business of the House, had it not been for the fact that our strength did not allow us to go in for a fight with the Government. This will show that this Resolution has not been brought in by mere whimsical fear. We have actual experience of the neglect of the Government during the third Round Table Conference and that has awakened us to see if we cannot impress on the Government the necessity of sometimes palliating this House, if not always, as they do the Assembly. I am aware, Sir, that the usual reply which used to be given during the Round Table Conference will be given now, that it is not primarily the concern of the Governor General in Council to select representatives for these Committees. Be that as it may, no one can gainsay that the advice of the Governor General in Council counts for much. It is almost 9 points out of 10, and if anything is strongly supported by the Government of India it is bound to have a strong effect in Whitehall, although technically they are not the people to select representatives, but they are advisers, whose opinion counts for much. Therefore, Sir, although I am sure the Government will in its usual way reply about this being impossible and circumscribing the choice of the Government in England, we should like to know our fate beforehand rather than be disappointed afterwards by non-inclusion.

Sir, I support the motion.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN
(Education, Health and Lands Member) : I feel, Sir,
12 Noon. unhappy hearing this debate as it has followed so soon after

[Khan Bahadur Mian Sir Fazl-i-Husain.]

the debate we had only two days ago. I have said I feel unhappy. The reason is not that the Honourable Members displayed a certain amount of activity or a certain amount of zeal to promote what they consider their privileges and rights but I very much regret that I detect a certain note of dissatisfaction in the speeches of the Members, dissatisfaction with their lot, in the assertion of their position with reference to light and leading and statesmanship and nationalism and their stake in the country. I, in my present position, Sir, being Leader of the House would be the last one in any way to challenge any one of these assertions. But what India needs today, more than ever is to level up these distinctions, if not in reality, at all events in public assertions, in places like legislatures. Such an outburst of class claims, the Honourable Members I trust will be good enough to bear in mind, is bound to annoy hundreds, thousands, millions, perhaps hundreds of millions of Indians who are not by Providence favoured to the extent to which we in this House are favoured and it is not right to go on time after time asserting that we have a stake in the country and therefore we must mould its future. Those who are not blessed with the wherewithal to have that stake do not like it and it is not wise of those who have it to always thrust it down the throats of others, and say "We have a stake and you have not". No, Sir, that is not statesmanship. I assure those of my colleagues in this House who aspire to be politicians that it is not wise on their part from their point of view to take up that attitude. Those favoured by fortune keep their advantage longest who never mention it; not those who talk a great deal about it. So, Sir, it is that aspect of the debate today and two days ago which caused me a great deal of trouble and I trust I will be able to have some talk with various Members of this House in the near future in order to assure them that as long as they do their duty as citizens of this great country and as Members of this House their rights and their privileges are absolutely safe and Government cannot possibly ignore them or overlook them and naturally would be ready to promote their interests as long as they are the interests of the country as well. But these are not methods which one need discuss at any great length.

Now, Sir, coming to this particular Resolution, I fully appreciate the desire of this House to see that the representation of India at any future meetings convened with the object of framing India's constitution should be of the best and I have no doubt to that extent it is but natural that every institution in the country should feel that they have to contribute a fair amount to the personnel of the Committee which may eventually be invited by the Joint Committee of the two Houses of Parliament. But I trust the Honourable Members will agree with me that the Joint Committee in devising means to secure the best Indian representation could not really concentrate their minds on what representation should go to our House, what representation should go to the Assembly and what representation should go to the local Legislatures, and so on, because that would not be the right way to set about it. Then there may be interests or at all events schools of thought which are outside this House. One of the Honourable Members said if Government is to select a representative of this House, they should select a Nationalist. Well, Sir, if by any chance the Joint Committee entrusted the work of selection of a Nationalist to represent the Council of State to my humble self I very much doubt whether I would be prepared to undertake that onerous duty. Even if I took time to think over the matter—whether I would be able to discharge that onerous duty, and took all the Members of this House into my confidence,

do you think I would get much help out of my colleagues to find out the best Nationalist to represent this House? I doubt very much. Some Honourable Members may be self-sacrificing enough to say that they want the best Nationalist who in the ordinary parlance has sacrificed his all to do what that school of thought imagines is serving the country. I am afraid I and most of my colleagues would stand a very poor chance of being selected. There are many more difficulties in the way. The task of selection is by no means easy. Still I trust when Members think deeply over these particulars, they will realise that it is one thing to desire a suitable representation and another thing to suggest a way in which the selection could possibly give satisfaction to all. I have seldom found any selection do that, even when it is a selection of the President of the National Congress by the Congress Committee.

Now, Sir, this Resolution I should very much have liked to proceed to accept, but it really is—and I suppose as a Resolution of this House it had to be—a recommendation to the Governor General in Council. Well, the Governor General in Council is not in the picture at all. It is true that when the Joint Select Committee desires a selection or suggestion of Indian names for the purpose, they could not very well obtain it without getting themselves into touch with the authorities here. But that will be entirely in personal relationship with the Governor General and not with the Governor General in Council. I trust the Honourable Members have realised the distinction between the two. So far as the Governor General in Council is concerned, I hope the Honourable Members will take it from me that he is in no way in the picture, and as a matter of fact this idea was expressed many times over in the other House, namely, that this is not a matter in which the Government of India is concerned or the Governor General in Council has a hand. Invitations to Indian representatives to confer with the Joint Select Committee of Parliament to examine the proposals of His Majesty's Government no doubt will be issued by the Committee itself, and as such, you will realise that the Governor General in Council is not primarily responsible for the selection of Members of the Indian Legislature.

THE HONOURABLE MR. G. A. NATESAN : Primarily ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : His Excellency, in his address to the Members of the Legislative Assembly on the 1st February, 1933, said :

“ The procedure Parliament will follow, once the White Paper has been presented, is of course a matter for Parliament itself to decide. But I have no doubt that the Secretary of State will shortly make clear the exact intentions of His Majesty's Government as regards the lines of future procedure and I am confident that places will be found for some representatives of the Indian Legislature among the persons to be called into consultation with the Joint Select Committee.”

What His Excellency the Governor General has said ought to satisfy any fair-minded person. To add to it ; certainly I consider it unfair on the part of my Honourable colleagues to expect me to do. Speaking in the House of Commons on the 22nd of February, the Secretary of State reiterated the above statement in the following terms :

“ Government's proposals would in a few weeks' time be circulated as a White Paper which would go to Select Committee empowered to confer with them. The Select Committee would be master of its own procedure and be able to present its own report ”.

[Khan Bahadur Mian Sir Fazl-i-Husain.]

This House, so touchy on points of procedure and about its own dignity and privileges, I have no doubt will appreciate the desire of the Mother of Parliaments to have the same feelings which you have inherited. So, remembering that I have nothing further to add to these two statements, what I am prepared to say is this, that a very casual glance at what has happened in the past ought to be a reminder to the Honourable Members that they should not indulge in what is called in Urdu "Kufran-i-Namat" which means—

THE HONOURABLE MR. HOSSAIN IMAM : We remember the last Round Table Conference.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN— "lack of appreciation of good fortune". What I mean is—that an elected Member of this House was in the first Round Table Conference, also in the second. There was your present President in the second Round Table Conference ; also a few elected Members whom I see seated in the House, and it would appear, Sir, that those who were not at the time Members of this House, went to the Round Table Conference and returned and found constituencies which would send them to this House thinking that they were statesmanlike people who sought to be sent up. I think Honourable Members will find that one of them, now sitting in this House, Sir Edward Benthall, went to the second Round Table Conference, and has since been found as the right person to sit with us. I have mentioned the names of five persons who attended the first and second Round Table Conferences. That is not all. Members who adorned this House in the past—the mere fact that they were not sitting then, last year or the year before does not in any way reduce the strength of my argument—those who have sat in this House or who are sitting in this House, or, if I may add to it, will sit in this House in the future have all found places at the Round Table Conference. Among those who sat in the past in this House is the Right Honourable Srinivasa Sastri. Could any one say that a more self-sacrificing patriot could have been nominated to the Conference ? Then we have Srijut Chandra Barooah. It has been said, "It is all very well ; these are the people who sat in the first and second Round Table Conferences. What about the third ?" Again and again, I am asked, "What about the third ?" Well, what about the third ? Is it alleged, Sir, that no one who was a Member of this Council was at the third Round Table Conference ? Is that the allegation ? If it is, then I must say that the memories of the Honourable Members sitting opposite are much shorter than one can expect them to be even in political life. Was not Chaudhri Zafrulla Khan a Member of this House ?

THE HONOURABLE MR. HOSSAIN IMAM : Government Member.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : Was he not a Member ? And was he not at the third Round Table Conference ? I am astonished, Sir. I really feel unhappy. Are the Honourable Members going to say—

THE HONOURABLE MR. HOSSAIN IMAM : He was not then a Member.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : Am I not a Member of this House ? Is that the reward I am going to get for all the trouble I am taking ? Surely, that is not playing the game. No, no.

Even if I happen to be an official, Sir, I trust my non-official colleagues will not disown me on that account, as I do not intend disowning them because they do not happen to be officials. We must have mutual trust. You cannot say that the third Round Table Conference was without a Member of this House. You must be fair. In argument, if you feel that you have miscalculated, you must be generous and admit it. There is nothing more in it.

Now, Sir, as to the future, I am sure the Honourable Members will agree with me that it is not right to make divisions and sub-divisions and sub-divisions. His Excellency has promised that the Central Legislature will find representation on this occasion. Let us hope and trust that the choice falls on one of us in this House.

*THE HONOURABLE SIR DAVID DEVADOSS (Nominated Indian Christians): Sir, I rise to support the Resolution. My complaint is that there was no representative of the Indian Christians at the last Round Table Conference. During the two previous sessions, two men represented our community, but on the last occasion, there was not one to represent us. My main reason for asking for representation is that there are a number of questions affecting the community which are peculiar to themselves. In the first place, there must be freedom to profess their religion, and, in the second place, whenever occasion arises or opportunity offers, to proselytise. It is feared that these two things might be taken away from them unless they are safeguarded. There is also another thing. Foreign missionaries have been coming into this country and have been helping us in many ways, in Madras especially. Only the other day the Right Honourable Srinivasa Sastri and others bore witness to the fact that education owes a good deal to foreign missionaries. Well, would they be prevented from coming in and giving us their help? Their object may be to proselytise, but what is the real benefit which they bestow upon the country? Most of the depressed classes, men belonging to the lower orders, have been helped by these people and they now occupy good positions in life. Education is their main watchword. We want to make sure that these things are not taken away from us. Then there is another question also connected with this. The Catholics feel very strongly that their canon law should be allowed to be followed in this country. Sir, I am not sure as regards the facts, but I was told only the other day that the Advocate General of Madras gave his opinion that no foreign body could possess property in this country. Sir, I appeal to you as a lawyer that many Catholic bodies possess churches and other properties in this country, and if it is held that foreign missionary bodies—by foreign I mean not British—cannot hold property, then what is to become of all the properties that Catholic missions and Catholic bodies, French and Italian for instance, possess in this country.

THE HONOURABLE THE PRESIDENT: I would request the Honourable Member to restrict himself to the Resolution.

THE HONOURABLE SIR DAVID DEVADOSS: Sir, I am only referring to this to show that there are safeguards to be considered in connection with the welfare of our community and I am only emphasising my argument that

[Sir David Devadoss.]

these are things which have to be put before the Committee, and that is why we want proper representation at the coming Joint Select Committee which will draw up the Indian constitution. I only mention these things because, in the way things are going on, they are likely to be ignored. Sir, it is not necessary for me to make any statement which might wound the feelings of others, but these things require to be settled. Christians are sometimes looked upon as professing a foreign religion and that therefore they are not interested in the welfare of India. Sir, that is a mistaken idea. I as an Indian Christian say that the Christians are as patriotic as any other people in this country. The trouble is that sometimes people are blinded by religious fanaticism, and go so far as to say, "Those who are not with me, are against me." That is not so.

With these few words I have much pleasure in supporting the Resolution.

THE HONOURABLE MR. Y. RANGANAYAKALU NAIDU (Madras : Non-Muhammadan): Although I am not a statesman or a great speaker, I want to express my views. Janani janmabhumischa swargadapi gareeyasi—that is, the Mother and the Motherland are greater than Heaven itself. I am sorry the Honourable the Leader of the House confined his remarks to Nationalists. I do not make any distinction between Christians and Mussulmans and other communities. They may all be Nationalists and may desire to be represented.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: Sir, I am grateful to those of my Honourable friends who have lent their support to this Resolution. At the same time, Sir, I confess that I am a little surprised at one or two points in the Honourable Sir Fazl-i-Husain's reply. In the first part of his speech he made out that the subject-matter of this Resolution was not primarily the concern of the Governor General in Council. I am under the impression, Sir, that had the subject-matter of my Resolution not been primarily the concern of the Governor General in Council, then you, Sir, or the Governor General would have disallowed it. And since it has been admitted by you and not been disallowed by the Governor General either, I believe that the subject-matter of this Resolution is in some sense at least the concern of the Governor General in Council. Even supposing for the sake of argument that it is not primarily the concern of the Governor General in Council, the recommendations of this House being addressed to the Governor-General in Council the latter can certainly bring those recommendations to the notice of the Governor General in matters which are mainly the concern of the Governor General. So, I rely on the fact that this Resolution, if carried by the House or even if withdrawn, will be brought to the notice of His Excellency the Governor General by the Governor General in Council.

Then, Sir, I am still more surprised to find my Honourable friend the Leader of the House saying that it is not quite correct to say that this House was entirely unrepresented on the third Round Table Conference. My Honourable friend says that Chaudhri Zafrulla Khan, who was a Member of this House, attended the third Round Table Conference. But if I remember correctly, Chaudhri Zafrulla Khan was no longer a Member of this House when he was sent to the third Round Table Conference. If he was, then I will refer Sir Fazl-i-Husain to another statement he made. In reply to my question the other day he laid a statement on the table, giving the names of

those persons who were Members of this House and who were sent to the three sessions of the Round Table Conference. The statement runs as follows :

First Round Table Conference . . .	1. The Honourable Sir Phiroze Sethna.
Second Round Table Conference . . .	1. The Honourable Sir Maneckji Byramjee Dadabhoy.
	2. The Honourable Nawab Sahibzada Sir Sayad Mohamad Mehr Shah.
	3. The Honourable Saiyed Mohamed Padshah Sahib Bahadur.
	4. The Honourable Sir Phiroze Sethna.
Third Round Table Conference. . .	<i>Nil.</i>

Mark the word "Nil." Now, Sir, may I remind my Honourable friend that this statement was laid on the table by the Leader of the House himself. If he had this point in view that Chaudhri Zafrulla Khan was a Member of the House when he was sent to the third Round Table Conference, he should have given the Chaudhri Sahib's name in this statement. I therefore think that the statement made by the Honourable Member today is simply an afterthought and is at variance with his previous statement.

I am glad, however, that my Honourable friend, Sir Fazl-i-Husain, has sounded a note of optimism at the end of his speech. He has expressed the hope that in selecting persons from the Indian Legislature for the delegation which will be sent out from India to sit with the Joint Select Committee of Parliament representation would be given to this House. In view of this statement, Sir, I think it is needless for me to press my Resolution. His Excellency the Governor General's statement in this behalf is in unequivocal terms. He said :

"I am confident that places will be found for some representatives of the Indian Legislature among the persons to be called into consultation with the Joint Select Committee".

My only request is that in case places are found for some representatives of the Legislative Assembly, the claims of this House should not be ignored, and some representatives from this House also should be selected to serve on that delegation. I hope, Sir, that this request of mine will be carefully considered by the authorities. If, however, unfortunately no one from our House is selected to serve on the delegation, then the Government will be furnishing a fresh proof to the belief which the non-official Members hold that this Council is not unoften ignored by the Government.

The Resolution was, by leave of the Council, withdrawn.

ELECTION OF FOUR MEMBERS TO THE STANDING COMMITTEE ON EMIGRATION.

THE HONOURABLE THE PRESIDENT : I have to announce the names of Members nominated for election to the Standing Committee on Emigration. They are :

The Honourable Mr. G. A. Natesan.
The Honourable Mr. Bijay Kumar Basu.
The Honourable Rai Bahadur Lala Ram Saran Das.
The Honourable Mr. Mahmood Suhrawardy.

As there are four vacancies and only four candidates, I declare them duly elected.

**ELECTION OF TWO NON-OFFICIAL MEMBERS TO THE STANDING
COMMITTEE FOR THE DEPARTMENT OF EDUCATION, HEALTH
AND LANDS.**

I have also to announce the nominations for election to the Standing Committee for the Department of Education, Health and Lands. They are :

The Honourable Sir David Devadoss.

The Honourable Khan Bahadur Chaudri Muhammad Din.

As there are two seats and only two candidates, I declare these Honourable Members duly elected.

STATEMENT OF BUSINESS.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House) : I have only to say, Sir, that there will be no business until Monday next which is a non-official day.

The Council then adjourned till Eleven of the Clock on Monday, the 13th March, 1933.

COUNCIL OF STATE.

Monday, 13th March, 1933.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

PURCHASE MADE THROUGH THE INDIAN STORES DEPARTMENT, ETC.

142. THE HONOURABLE MR. HOSSAIN IMAM (on behalf of the Honourable Rai Bahadur Lala Mathura Prasad Mehrotra) : Will Government be pleased to lay on the table a statement showing :

1. Purchases made through the Indian Stores Department for the last 10 years, distinguishing

(a) Articles purchased in India ?

(b) Articles purchased in foreign countries ?

(c) Articles purchased for the Army and Railway Departments ?

2. Purchases made by the Army and Railway Departments directly ?

THE HONOURABLE MR. J. A. SHILLIDY : All the available information is published in the Appendices to the Annual Administration Reports of the Indian Stores Department and in the Annual Report issued by the Railway Board on Indian Railways. Copies of these publications are available in the Library of the House.

ENCOURAGEMENT OF INDIAN INDUSTRIES BY THE INDIAN STORES DEPARTMENT.

143. THE HONOURABLE MR. HOSSAIN IMAM (on behalf of the Honourable Rai Bahadur Lala Mathura Prasad Mehrotra) : What steps have been taken by the Indian Stores Department to encourage Indian industries ?

THE HONOURABLE MR. J. A. SHILLIDY : The attention of the Honourable Member is invited to the pamphlet entitled "The Indian Stores Department and Assistance to Indian Industries" compiled by the Indian Stores Department, a copy of which is available in the Library of the House.

ABOLITION OR REDUCTION IN THE NUMBER OF DIVISIONAL COMMISSIONERS IN THE UNITED PROVINCES.

144. THE HONOURABLE MR. HOSSAIN IMAM (on behalf of the Honourable Rai Bahadur Lala Mathura Prasad Mehrotra) : (a) Is it a fact that the United Provinces Legislative Council has on several occasions pressed for the abolition or at least reduction of the post of Commissioners ?

(b) Is it a fact that copies of the debates and questions on the subject have been forwarded to the Government of India for their opinion ?

(c) If the answer to (b) is in the affirmative, what steps, if any, have been taken ?

(d) Will Government be pleased to lay on the table their correspondence with the United Provinces Government on the above matter ?

THE HONOURABLE MR. M. G. HALLETT : (a) Yes.

(b) A copy of the recent proceedings in the United Provinces Legislative Council in connection with a resolution on the subject of retrenchment in the all-India services has been received.

(c) and (d). The Honourable Member is referred to the reply given by me in this House on 20th February, 1933, to question No. 65.

IMPORTS OF SUGAR FROM JAPAN.

145. **THE HONOURABLE MR. HOSSAIN IMAM** (on behalf of the Honourable Rai Bahadur Lala Mathura Prasad Mehrotra) : Is it a fact that Japan is importing sugar into India at a cheap rate on account of the fall in its exchange ?

THE HONOURABLE MR. J. C. B. DRAKE : During the first 10 months of the current financial year about 3,000 tons of sugar were imported from Japan out of total imports during that period of about 282,000 tons. To judge from the Calcutta market quotations, the prices of refined sugar imported from Japan appear to be slightly higher than those of refined sugar imported from Java.

INCIDENCE OF THE COST OF SALARIES OF INDIAN MEDICAL SERVICE OFFICERS IN CIVIL EMPLOY CONSTITUTING A WAR RESERVE.

146. **THE HONOURABLE KHAN BAHADUR DR. SIR NASARVANJI CHOKSY :** Will Government be pleased to state whether their attention has been drawn to the report of the Thomas Reorganisation Committee of Bombay wherein it is suggested that the salaries of Indian Medical Service officers in civil employ, constituting a war reserve—that are being paid from provincial revenues—should be reimbursed to the Local Government from the army estimates ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : Government have seen the report referred to by the Honourable Member.

PROPOSED ABOLITION OF THE POST OF DIRECTOR OF PUBLIC HEALTH, BOMBAY.

147. **THE HONOURABLE KHAN BAHADUR DR. SIR NASARVANJI CHOKSY :** Will Government be pleased to state whether their attention has been drawn to another recommendation of the Thomas Committee that the post of Director of Public Health, Bombay, should be abolished and the Department placed under the Surgeon-General ? Is it a fact that the proposal now suggested, is practically a reversion to a system which existed previously ? If so, why was that system abandoned ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : Government have seen the recommendation referred to by the Honourable Member. It is for consideration by the Government of Bombay in the first instance.

PRESENT STRENGTH OF THE MEDICAL WAR RESERVE IN THE ARMY IN INDIA RESERVE OF OFFICERS, ETC.

148. THE HONOURABLE KHAN BAHADUR DR. SIR NASARVANJI CHOKSY : Will Government be pleased to state :

(a) The present strength of the Medical War Reserve in the Army in India Reserve of Officers ?

(b) The number of European and Indian officers ?

(c) The number of training centres and the period of annual training ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) and (b). In the Medical Section there are 22 European and 290 Indian officers and one Indian officer designate.

In the Dental Section there are three officers, two European and one Indian, and two European officers designate.

(c) Officers and officers designate of the Medical and Dental categories are not now required to undergo any military training as a measure of economy.

AGGREGATE AMOUNT OF LOSS TO INDIAN REVENUES THROUGH THE CESSATION OF THE EXPORT OF OPIUM TO CHINA, ETC.

149. THE HONOURABLE KHAN BAHADUR DR. SIR NASARVANJI CHOKSY : (a) Will Government be pleased to state the aggregate amount of loss to the revenues of India through the cessation of the export of opium to China and other opium-smoking countries during the last seven years ?

(b) Will Government be pleased to state whether it is a fact that the cultivation of poppy has enormously increased in China since the stoppage of the export of Indian opium ?

(c) Will Government be pleased to state whether they are aware that morphia and heroin are being largely imported by those countries in place of Indian opium ?

THE HONOURABLE MR. J. B. TAYLOR : (a) The export of opium to China was discontinued in 1913. If exports to other countries in the Far East had been maintained at the same level as prevailed in the three years ending 1924-25, the revenue from exports of opium to those countries during the last seven financial years would have been greater by Rs. 3 crores and 13 lakhs than it actually was.

(b) and (c). The facts are believed to be as stated in the question, but the Government of India have no official information on these matters.

CONTROL OF THE SALE AND USE OF CHLORAL HYDRATE.

150. THE HONOURABLE KHAN BAHADUR DR. SIR NASARVANJI CHOKSY : Will Government be pleased to state whether their attention has been drawn to an article recently written by Lieutenant-Colonel R. N.

Chopra, I.M.S., of Calcutta and Dr. Chopra in the *Indian Medical Gazette*, wherein they have described the use of chloral hydras. Have Government considered taking action to restrict the importation of chloral hydras ?

THE HONOURABLE MR. J. B. TAYLOR : Yes, the Government have seen the article. They consider that the question of controlling the sale and use of chloral hydrate should be considered before that of restricting importation and such control is primarily a matter for consideration by the Local Governments. I understand that the attention of the Government of the Punjab has already been drawn to the article.

STOCKS OF QUININE.

151. THE HONOURABLE KHAN BAHADUR DR. SIR NASARVANJI CHOKSY : (a) Will Government be pleased to state the approximate quantity of quinine held in stock by various departments ?

(b) Have Government instituted any enquiries to find out whether the quantity so held is liable to deterioration, whether it is properly packed to prevent deterioration and whether it is desirable to reduce the stocks by selling it to the public at cheaper rates than hitherto to prevent the ravages of malaria ?

(c) Is quinine still imported from Java, and is the price of Indian quinine regulated by that of the Javanese imports ?

(d) Are tablets in greater demand than powders ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : (a) What the Honourable Member means by "various departments" is not clear. If he is referring to the Cinchona Departments of the Central and Provincial Governments, the stocks of quinine on the 31st March, 1932, were as under :

	Lbs.
Government of India	2,90,149
Government of Bengal	1,14,086
Government of Madras	25,799

(b) The stocks of quinine are properly stored and we are informed by our Cinchona Experts that, when this is done, quinine does not deteriorate. A scheme was drawn up recently to extend and popularise the use of quinine in malaria-stricken areas and circulated to Local Governments, but did not receive their support. The Government of India are now considering the question of the disposal of their surplus stocks of quinine by other methods.

(c) Quinine is no longer imported by Government from Java. Quinine prices in India are governed by world prices which follow the usual laws of supply and demand.

(d) Yes.

STANDING COMMITTEES FORMED ANNUALLY FROM MEMBERS OF THE COUNCIL OF STATE.

152. THE HONOURABLE MR. BIJAY KUMAR BASU (on behalf of the Honourable Mr. Satyendra Chandra Ghosh Maulik) : (a) Will Government be pleased to state how many Standing Committees are formed annually from among the Members of the Council of State ?

(b) The number of days each of these committees meet ?

(c) Is it a fact that some of these committees only exist in name and do not ever meet ?

(d) Is it a fact that sometimes the Assembly Committee meets but the Council of State Members of the same committee are not summoned to join ?

THE HONOURABLE MR. M. G. HALLETT : The information desired by the Honourable Member is being obtained and will be laid on the table in due course.

PURCHASE OF STORES IN INDIA ON A RUPEE BASIS, ETC.

153. THE HONOURABLE MR. BIJAY KUMAR BASU (on behalf of the Honourable Mr. Satyendra Chandra Ghosh Maulik) : (a) Will Government be pleased to state what is the total amount of stores in rupees purchased in India by the different Government departments and the amount of stores purchased in foreign countries in terms of rupees ?

(b) What is the amount of stores purchased through the Indian Stores Department ? What percentage of it is purchased in India ?

THE HONOURABLE MR. J. A. SHILLIDY : All the available information is published in the Appendices to the Annual Administration Reports of the Indian Stores Department copies of which are available in the Library of the House.

NON-OFFICIAL MEMBERS OF THE CENTRAL LEGISLATURE INVITED FOR THE OPENING OF THE INDIAN MILITARY ACADEMY, DEHRA DUN.

154. THE HONOURABLE MR. BIJAY KUMAR BASU (on behalf of the Honourable Mr. Satyendra Chandra Ghosh Maulik) : (a) Will Government be pleased to state how many non-official Members of the Central Legislature were invited to be present on the occasion of the opening of the Indian Military Academy at Dehra Dun ?

(b) Were any travelling allowance and daily allowance admissible to these Members to go to Dehra Dun ?

(c) If so, what was the total amount spent in the travelling and daily allowance of these Members ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) Twenty-two, of whom 13 accepted the invitation.

(b) and (c). No Honourable Member who accepted the invitation claimed any travelling or daily allowance.

STRENGTH OF OFFICERS AND OFFICERS DESIGNATE IN THE ARMY IN INDIA RESERVE OF OFFICERS.

155. THE HONOURABLE MR. BIJAY KUMAR BASU (on behalf of the Honourable Mr. Satyendra Chandra Ghosh Maulik) : (a) Will Government be pleased to state the total strength of officers and officers designate of the Army in India Reserve of Officers ?

(b) The number of those attached to Medical Branch ?

(c) The number of Indians and the number of Europeans in the Army in India Reserve of Officers ?

(d) The number of Indians in the Medical Branch of the Army in India Reserve of Officers and the number of Indians in the combatant branches of the Army in India Reserve of Officers ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (a) 1,206 officers and 286 officers designate.

(b) 312 officers and one officer designate.

(c) *Indians*.—413 officers and one officer designate.

Europeans.—793 officers and 285 officers designate.

(d) There are 290 Indian officers and one Indian officer designate in the Medical Branch, and 79 Indian officers in the combatant branches.

FIRE EXTINGUISHERS AND FIRST AID APPLIANCES ON TRAINS.

156. THE HONOURABLE MR. BIJAY KUMAR BASU (on behalf of the Honourable Mr. Satyendra Chandra Ghosh Maulik): Will Government be pleased to state if fire extinguishers and first aid appliances are fitted on to the guard's van of all trains? Is there any Railway Board's Circular on the subject?

THE HONOURABLE SIR GUTHRIE RUSSELL: Although the provision of fire extinguishers on trains is left to the discretion of Railway Administrations it is understood that fire extinguishers are generally fixed in the brake vans of all passenger trains. The Railway Board has issued instructions that all passenger trains must carry a "first aid" box. From enquiries recently made it has been ascertained that this order is generally observed except on certain short distance trains on the metre gauge section of the Madras and Southern Mahratta Railway.

SPEED RECORDERS ON LOCOMOTIVES OF PASSENGER TRAINS OF THE KALKA-SIMLA RAILWAY.

157. THE HONOURABLE MR. BIJAY KUMAR BASU (on behalf of the Honourable Mr. Satyendra Chandra Ghosh Maulik): Will Government be pleased to state if speed recorders are fitted on to engines of passenger trains of the Kalka-Simla Railway, as also on other hill railways, giving the driver reliable information of the speed of the train and also as a deterrent to exceeding the sanctioned maximum speed?

THE HONOURABLE SIR GUTHRIE RUSSELL: I am informed two locomotives have, as an experiment, been fitted with speed recorders.

REPLACEMENT OF SIGNAL ARMS ON THE EASTERN BENGAL RAILWAY.

158. THE HONOURABLE MR. BIJAY KUMAR BASU (on behalf of the Honourable Mr. Satyendra Chandra Ghosh Maulik): Will Government be pleased to state if they have undertaken the replacement of signal arms on the Eastern Bengal Railway? What will be the total cost of such replacement?

THE HONOURABLE SIR GUTHRIE RUSSELL: Government have no information. A copy of the question is being sent to the Agent, Eastern Bengal Railway.

WILLINGDON BRIDGE AT BALLY.

159. THE HONOURABLE MR. BIJAY KUMAR BASU (on behalf of the Honourable Mr. Satyendra Chandra Ghosh Maulik): Will Government be pleased to state when the Willingdon Bridge at Bally will be open for the working of passenger and mail trains ?

THE HONOURABLE SIR GUTHRIE RUSSELL: It is intended to have the Calcutta Chord Railway, which runs over the Willingdon Bridge, passed as fit for passenger traffic from the 31st of this month, but the Agent, East Indian Railway, has stated that there is no immediate intention of running passenger and mail trains over that line. I am given to understand that it is more convenient at present to continue to run such trains between the East Indian and Eastern Bengal Railways *viz* Naihati as in the past.

WORKING OF PASSENGER TRAINS ON THE MADRAS AND SOUTHERN MAHRATTA RAILWAY BY LOCOMOTIVES FITTED WITH VACUUM BRAKES.

160. THE HONOURABLE MR. BIJAY KUMAR BASU (on behalf of the Honourable Mr. Satyendra Chandra Ghosh Maulik): Will Government be pleased to state if all passenger trains on the Madras and Southern Mahratta Railway are worked with engines fitted with vacuum brake ?

THE HONOURABLE SIR GUTHRIE RUSSELL: The latest information available is that 99·7 per cent. of broad gauge locomotives and 65·6 per cent. of metre gauge locomotives were so fitted at the end of 1931-32. These include all locomotives and not merely passenger locomotives.

RAILWAY' BOARD CIRCULAR TO THE EFFECT THAT LOCOMOTIVES WORKING TRAINS AT NIGHT SHOULD BE PROVIDED WITH ELECTRIC SEARCHLIGHTS.

161. THE HONOURABLE MR. BIJAY KUMAR BASU (on behalf of the Honourable Mr. Satyendra Chandra Ghosh Maulik): Will Government be pleased to state if there is any circular of the Railway Board to the effect that engines of all trains working at night should be provided with electric searchlights ?

THE HONOURABLE SIR GUTHRIE RUSSELL: In 1925 and 1926 instructions were issued to State-managed Railways that electric head lights should be provided on all locomotives and Company-managed Railways were also asked to adopt this practice.

COLLISION BETWEEN A BALLAST TRAIN AND SOME RUNAWAY VEHICLES ON THE RAIPUR-VIZIANAGRAM CONSTRUCTION, BENGAL NAGPUR RAILWAY.

162. THE HONOURABLE MR. BIJAY KUMAR BASU (on behalf of the Honourable Mr. Satyendra Chandra Ghosh Maulik): Will Government be pleased to state what action, if any, has been taken by Government on the

recommendations following the enquiry into the collision between a ballast train and some runaway vehicles which occurred about 18-50 hours on the 23rd June, 1931, at mile 142 on the Raipur-Vizianagram Construction, Bengal Nagpur Railway ?

THE HONOURABLE SIR GUTHRIE RUSSELL: The Agent, Bengal Nagpur Railway, reports that disciplinary action has been taken against the staff immediately responsible for the accident and that steps have been taken for the strict enforcement on future constructions of the General Rules for Railways under construction.

To minimise the possibility of accidents of this description in future, the question of the provision of additional slip and catch sidings on certain sections of the Bengal Nagpur Railway where there are steep gradients has also received attention.

ASSISTANT SURGEONS ON THE STATE RAILWAYS.

163. THE HONOURABLE MR. HOSSAIN IMAM: What is the total number of Assistant Surgeons employed in the State Railways ? How many of them are Muslims and non-Muslims ? Have Government taken, or do they contemplate taking, action in future recruitments to redress the paucity of Muslims ? If not, why not ?

THE HONOURABLE SIR GUTHRIE RUSSELL: Government have no information readily available beyond that contained in Mr. Hassan's report, a copy of which is in the Library of the House. As regards the last part of the question my Honourable friend is aware of the policy of Government which is to reserve 33½ per cent. of the vacancies for the redress of marked communal inequalities in railway service.

PREFERENCES RECEIVED BY INDIAN GOODS IN THE BRITISH COLONIES, ETC.

164. THE HONOURABLE MR. HOSSAIN IMAM: Will Government lay on the table a statement giving full details of the preferences given by different non-self-governing Colonies to Indian goods, and the dates from which India gave and received preference from each Colony ?

Will Government state what steps they are taking to get preference from the Colonies for Indian goods ?

THE HONOURABLE MR. J. C. B. DRAKE: I lay on the table three statements giving the information required. Except as regards the Federated Malay States and Ceylon, I am unable to give the exact dates from which these preferential rates of duty took effect, but in all cases the preferences were in existence on the 1st January, 1933, the date on which the Indian Tariff (Ottawa Trade Agreement) Amendment Act and the preferences given by it to imports into India from the British Colonies came into force.

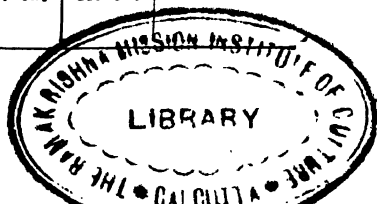
In view of the information given in the statements the second part of the question does not arise.

STATEMENT I.

Statement showing the principal Indian exports which are admitted at preferential rates of duty into the non-self governing British Colonies, Protectorates and Mandated Territories (excluding the Federated Malay States and Ceylon). Articles in the export of which India is not interested are not mentioned in the statement.

[These preferences were accorded before the 1st January, 1933, the date on which the Indian Tariff (Ottawa Trade Agreement) Amendment Act came into force.]

Country.	Particulars of preference on the principal Indian exports.				Remarks.
	Articles.	Rate of duty.			
		Unit.	General.	Preferential.	
Northern Rhodesia.	Rope or cordage— (a) for drilling, driving and water boring	Ad val.	5 per cent.	Free.	
	(b) other n. e. e.	Ad. val.	20 per cent.	9 per cent.	
Somaliland Protectorate.	Rice, Dawood Khani, Bhimri and Shalulleh	Ad val.	20 per cent.	10 per cent.	
	Rice, others	per bag of 168 lbs.	Rs. 2-12-0	Rs. 2-8-0	
	Gram	} Ad val.	25 per cent.	15 per cent.	
	Wheat flour				
	Oils				
	Tea				
	Cotton twist and yarn.				
	Cotton piecegoods except grey sheeting and "European white long cloth"	} Ad val.	25 per cent.	15 per cent.	
	Gunny bags and cloth.				
	Grey sheeting	per bale of 750 yds.	Rs. 77	Rs. 50.	
	"European white long cloth"	per piece of 40 yds.	Rs. 5-8-0	Rs. 4.	
Gambia	Rice	per 100 lbs.	2s. 6d.	2s.	
	Gunny bags	Ad val.	12½ per cent.	10 per cent.	
	Tea	100 lbs.	£2-0-0	£1-12-0	
Sierra Leone	Rice	per cwt.	2s. 6d.	2s.	
	Bags for use in the exportation of West African produce	per 100 lbs.	4s. 6d.	3s. 6d.	



STATEMENT I—*contd.*

Country.	Particulars of preference on the principal Indian exports.				Remarks.
	Articles.	Rate of duty.			
		Unit.	General.	Preferential.	
Seychelles	Cotton goods . . .	Ad val.	25 per cent.	15 per cent.	A surtax 10 per cent. of the duty is leviable in all cases.
	Pig iron . . .	Ad val.	25 per cent.	15 per cent.	
	Tobacco, all kinds . .	per kilo	Rs. 7.50	Rs. 6.50	
Cyprus . . .	Paraffin wax . . .	100 okes	15s.	12½s.	
	Cotton yarns and threads— Nos. 4 to 14 . . .	Ad val.	25 per cent.	16½ per cent.	
	Other . . .	Ad val.	20 per cent.	13½ per cent.	
	Cotton piecegoods . .	Ad val.	20 per cent.	13½ per cent.	
Fiji . . .	Bags and sacks two bushels and under including second-hand or used . . .	Ad val.	35 per cent.	20 per cent.	
	Bags and sacks, others.	Ad val.	15 per cent.	Free.	
	Dhall . . .	Ton.	90s.	60s.	
	Grease, tallow and fat .	Ad val.	35 per cent.	20 per cent.	
	Mustard oil . . .	Gallon.	1s. 6d.	1s.	
	Rice, dressed or broken	Ton.	60s.	40s.	
	Tea . . .	lb.	9d.	6d.	
	Cotton piecegoods . .	Ad val.	35 per cent.	20 per cent.	
Bahamas.	Rice . . .	100 lb.	3s.	2s. 3d.	
	Tea . . .	lb.	1s.	9d.	
	Pulse . . .	} Ad val.	25 per cent.	18½ per cent.	
	Gunny bags . . .				
Barbados	Bags and sacks, empty	per 100	16s. 8d.	8s. 4d.	
	Jute and jute manufactures . . .	Ad val.	20 per cent.	10 per cent.	
	Tea . . .	lb.	6d.	3d.	
	Rice . . .	100 lb.	2s.	1s.	
	Pulse— Beans and peas, whole or split . . .	100 lb.	1s.	6d.	
	Others . . .	Ad val.	20 per cent.	10 per cent.	

STATEMENT I—*contd.*

Country.	Particulars of preference on the principal Indian exports.				Remarks.
	Articles.	Rate of duty.			
		Unit.	General.	Preferential.	
British Guiana	Bags and sacks, empty	Ad val.	5 per cent.	2 per cent.	All these are liable to a surtax of 30 per cent. of the duty.
	Pulse	100 lb.	\$0.50	\$0.25	
	Rice	100 lb.	\$1.00	\$0.50	
	Tea	lb.	\$0.32	\$0.16	
Turks and Caicos Islands.	Rice	100 lb.	1s. 6d.	1s.	
	Tea	lb.	9d.	6d.	
Antigua . .	Bags and sacks, empty	Ad val.	15 per cent.	10 per cent.	A surtax of 10 per cent. of the duty is leviable on all goods.
	Rice	100 lb.	4s. 6d.	3s.	
	Pulse	100 lb.	1s. 6d.	1s.	
	Tea	lb.	9d.	6d.	
Dominica . .	Bags and sacks (other than those for exportation of produce)	Ad val.	15 per cent.	10 per cent.	A surtax of 15 per cent. of the duty is leviable on all dutiable goods.
	Rice	100 lb.	3s. 1½d.	2s. 1d.	
	Pulse	100 lb.	1s. 6d.	1s.	
	Tea	lb.	1s.	8d.	
Montserrat . .	Bags and sacks, empty	Ad val.	15 per cent.	10 per cent.	
	Rice	100 lb.	4s. 6d.	3s.	
	Pulse	100 lb.	1s. 6d.	1s.	
	Tea	lb.	9d.	6d.	
St. Christopher-Nevis.	Bags and sacks, empty	Ad val.	15 per cent.	10 per cent.	
	Rice	100 lb.	4s. 3d.	2s. 10d.	
	Pulse	100 lb.	1s. 6d.	1s.	
	Tea	lb.	9d.	6d.	
Virgin Islands .	Bags and sacks, empty	Ad val.	12 per cent.	8 per cent.	A surtax of 2 per cent. of the duty is leviable on all dutiable goods.
	Rice	100 lb.	3s. 6d.	2s.	
	Pulse	100 lb.	1s. 6d.	1s.	
	Tea	lb.	9d.	6d.	
Trinidad and Tobago.	Bags and sacks, empty	Ad val.	15 per cent.	7½ per cent.	A surtax of 10 per cent. of duty is leviable on all these except rice.
	Rice	100 lb.	2s.	1s.	
	Pulse	100 lb.	2s.	1s.	
	Tea	lb.	1s.	6d.	

STATEMENT I—*conold.*

Country.	Particulars of preference on the principal Indian exports.				Remarks.
	Articles.	Rate of duty.			
		Unit.	General.	Preferential.	
Grenada .	Bags and sacks, empty	Ad val.	15 per cent.	10 per cent.	A surtax of 25 per cent. of duty is leviable except in the case of empty bags for exportation of produce.
	Rice	100 lb.	3s.	2s.	
	Pulse	100 lb.	1s. 6d.	1s.	
	Tea	lb.	9d.	6d.	
St. Lucia	Bags and sacks, empty	Ad val.	15 per cent.	10 per cent.	
	Rice	100 lb.	3s.	2s.	
	Pulse	100 lb.	1s. 6d.	1s.	
	Tea	lb.	9d.	6d.	
St. Vincent	Bags and sacks, empty, when not imported for produce	Ad val.	15 per cent.	10 per cent.	
	Rice	100 lb.	1s. 6d.	1s.	
	Pulse	100 lb.	1s. 3d.	10d.	
	Tea	lb.	6d.	4d.	

STATEMENT II.

FEDERATED MALAY STATES.

Revised Customs Duties.

Extracts from the Federated Malay States Government Notification No. 7657 published in the supplement to that Government Gazette of October 14, 1932, so far as they are of interest to Indian export trade, are reproduced below :—

Preferential Duties.

2. Where a preferential duty is specified in Table A in respect of a particular description of article, such preferential duty will be levied in lieu of the corresponding full duty only in respect of articles of that description which are shown to the satisfaction of the Commissioner, Trade and Customs, to have been either grown or produced or manufactured in the United Kingdom, or in any British possession or protectorate or in any of the Mandated territories of Tanganyika, Cameroons or Togoland and consigned directly therefrom.

Provided that the Commissioner, Trade and Customs, may in his absolute discretion levy duty at the preferential rate where any of such articles have been first consigned to the Straits Settlements and are subsequently recognised to the Federated Malay States.

3. Manufactured articles will not be entitled to the preferential duty unless 25 per cent. of their value is the result of labour within any of the territories specified in rule 2.

Assessment of Ad Valorem Duty.

5. The value of any article for the purpose of assessing *ad valorem* import duty is its value as defined in section 23A of the Customs Enactment, 1923.

Exemptions.

6. A *bona fide* traveller entering the Federated Malay States may bring in duty free for his personal use or consumption and not for sale or trade—

- (a) wine or spirits not exceeding $\frac{1}{2}$ pint ;
- (b) beer or malt liquor not exceeding 1 quart ;
- (c) tobacco not exceeding $\frac{1}{2}$ pound ;
- (d) matches not exceeding 6 boxes ;
- (e) sugar not exceeding 2 pounds ;
- (f) edible oils or fats not exceeding 1 pound ;

* * * * *

(h) cosmetics and perfumery in open tins, bottles or other containers ;

(i) milk not exceeding three 16-oz. tins.

7. Molasses intended for use in the manufacture of spirits in a licensed distillery may be imported duty free.

Definitions.

9. (i) Kerosene sometimes called paraffin oil is a refined distillate of petroleum and includes similar distillates of hydrocarbons derived from coal, shale or other bituminous substance.

(ii) Petrol includes the liquid commonly known as petrol, gasoline, benzine or benzol.

TABLE A.

Import duties.

Description of article.	Unit.	Rates of duty.	
		Full duty.	Preferential duty.
		\$.	c.
I.—Intoxicating liquors :—			
(a) Arrack and brandy and any other intoxicating liquors not hereinafter provided for. Provided that the duty on brandy imported in bottle and accepted by the Proper Officer of Customs as not exceeding 81 per cent. of proof spirit shall be.	Per proof gallon.	14 00	..
(b) Whisky, rum and gin	Per gallon Per proof gallon.	10 50 13 00	8 00 ..
Provided that the duty on whisky, rum and gin imported in bottle and accepted by the Proper Officer of Customs as not exceeding 81 per cent. of proof spirit shall be	Per gallon	9 50	..
(c) Japanese saki and Chinese samsu including medicated samsu	Per proof gallon.	12 00	..
(d) Bitters and liqueurs not exceeding 100 per cent. of proof spirit	Per gallon	13 00	..
(e) Sparkling wines not exceeding 42 per cent. of proof spirit	„	6 00	5 00

TABLE A—*contd.*
Import duties—contd.

Description of article.	Unit.	Rates of duty.			
		Full duty.		Preferential duty.	
		\$.	c.	\$.	c.
I.—Intoxicating liquors—<i>contd.</i>					
(f) Still wines (including medicated wines) exceeding 26 per cent. but not exceeding 42 per cent. of proof spirit	Per gallon	4	50	3	90
(g) Still wines (including medicated wines) not exceeding 26 per cent. of proof spirit	"	1	50		90
(h) Ale, beer, stout, porter, cider and perry	"	1	30	1	20
II.—Tobacco—					
(a) Cigars and snuff	Per pound	1	60		
(b) Cigarettes	"	1	10	1	00
(c) Unmanufactured tobacco	"		70		
(d) Manufactured tobacco excluding cigars, cigarettes and snuff—					
(i) if imported for sale to the public in air tight tins or containers	"	1	10	1	00.
(ii) not otherwise provided for	"		80		
III.—Petroleum—					
(a) Kerosene with a flashing point higher than 73° F. but below 200° F.	Per gallon		15		
(b) Petrol	"		35		
V.—Cartridges other than such as are included in section 19 of "The Explosives Enactment, 1904"					
	Per 1,000	11	00	10	00
VI.—Matches—					
Containers with—					
(i) not more than 10 matches	Per 100 containers.		12		
(ii) more than 10 but not more than 20 matches	"		24		
(iii) more than 20 but not more than 50 matches	"		60		
For every additional 25 matches or part of 25 matches over 50 in a container, a duty additional to the duty under (iii)	"		30		
VII.—Edible oils and fats—					
(a) Kachang, groundnut and ginjaely oil	Per pound		04		02
(b) Butter, tinned	"		17		12
(c) Butter, frozen	"		20		15
(d) Margarine	"		10		05
(e) Lard	"		04		
(f) Ghee, vegetable ghee, and all other edible oils and fats not specified above except coconut oil	"		10		
VIII.—Cement					
	Per ton	12	00	6	00
IX.—Cement manufactures other than tiles					
	"	2	00		
X.—Tiles—					
(i) Roofing	"	12	00		
(ii) Flooring and wall	"	12	00	10	00
XI.—Cosmetics and perfumery					
	Ad. val.	50 per cent.		25 per cent.	

TABLE A—*contd.*

Import duties—conold.

Description of article.	Unit.	Rates of duty.			
		Full duty.	Preferential duty.		
		\$.	c.	\$.	c.
XII.—Textiles and apparel :—					
(a) Cotton, linen, jute, silk or artificial silk, felt, flannel, woollen and all textile goods made from plant fibres, whether finished goods or not, other than yarn threads, gunnies and waste.	Ad val.	20 per cent.		10 per cent.	
(b) Wearing apparel not otherwise provided for	"	20 per cent.		10 per cent.	
(c) Rubber boots and shoes and canvas boots and shoes with rubber soles	Per pair		50		10
(d) Rubber soles	"		25		5
XIII.—Leather and imitation leather manufactures other than dressed leather and fancy goods.	Ad val.	10 per cent.		..	
XIV.—Cycles and accessories —					
(a) Cycles and all component parts of cycles other than tyres and tubes	"	20 per cent.		10 per cent.	
(b) Cycle tyres (outer covers)	Per cover		15		08
Cycle inner tubes	Per tube		06		03
(c) Motor and motor-cycle tyres (outer covers)	Ad val.	20 per cent.		Free.	
(d) Motor and motor-cycle inner tubes	"	20 per cent.		Free.	
XV.—(a) Pianos	"	10 per cent.		..	
(b) Other musical instruments, wireless receiving sets and parts thereof including gramophones, electrical gramophones or reproducers, phonographs, records, needles, valves and other parts or accessories	"	20 per cent.		10 per cent.	
XVI.—Coffee :—					
Raw	Per pound		03		..
Prepared	"		08		..
Extract or essence, whether mixed with other substances or not	Ad val.	5 per cent.		..	
XVII.—Groundnuts	Per pound		02		01
XVIII.—Milk (including cream), condensed, desiccated or preserved	Ad val.	12½ per cent.		2½ per cent.	
XIX.—Fruits, jams, marmalade, vegetables, fish, meats and soups in metal glass, or earthenware containers	"	20 per cent.		5 per cent.	
XX.—Printing paper	"	10 per cent.		Free.	
XXI.—Manufactured brass, bronze and copperware	"	15 per cent.		5 per cent.	
XXII.—(a) Batteries for electric torches or handlamps	"	20 per cent.		5 per cent.	
(b) All other electric batteries	"	15 per cent.		Free.	
XXIII.—Paraffin wax and articles made thereof	"	15 per cent.		5 per cent.	
XXIV.—Tanned hides and skins	"	15 per cent.		5 per cent.	
XXV.—Fish maws and sharks' fins	"	15 per cent.		5 per cent.	
XXVI.—Umbrellas and lamp shades covered with silk, artificial silk or cotton	"	10 per cent.		5 per cent.	

FEDERATED MALAY STATES.

Revised Customs Duties.

According to the Federated Malay States Government Notification No. 8043 published in the Supplement to that Government Gazette of October 28, 1932, the undermentioned further Customs Tariff changes were enforced in the Federated Malay States as from October 29, 1932 :—

Description of article.	Unit.	Rates of duty.	
		Full duty.	Preferential duty.
		\$.	o.
Sugar, jaggery, molasses, sugar candy, and sugar cane	per lb.	05	03
Tea	"	08	06
Saccharine	"	5 00	..
Fireworks and crackers	per lb.	10	..
Oil cloth and linoleum	Ad val.	10 per cent.	..
Straw, grass and rush manufactures	"	10 per cent.	..

The same Notification also amends Gazette Notification No. 7657 of 14th October, 1932, extracts from which are reproduced above.

(a) by deleting paragraph IV in Table A.

(b) by deleting paragraph 6 (g) and inserting after paragraph 7 the following new paragraph 7-A.

" 7-A. Textiles, wearing apparel, leather and imitation leather goods, which have been used or worn before importation and are imported for the private use of the importer and not for trade purposes may be imported duty free. "

STATEMENT III.

CEYLON.

Preferential Tariff Schedule.

The Ceylon Government Gazette Extraordinary (No. 7965), dated the 31st January, 1933.

GOVERNMENT NOTIFICATION.

Ordinance No. 17 of 1869.

It is hereby notified that the following Resolution under section 11 of Ordinance No. 17 of 1869 passed by the State Council at its session on January 19, 1933, and sanctioned by the Governor, has been duly submitted to and sanctioned by the Secretary of State for the Colonies, and that it will take effect from midnight of January 31/February 1, 1933.

By His Excellency's command,

THE TREASURY,
COLOMBO ;
January 31, 1933.

C. W. BICKMORE,
Acting Financial Secretary.

It is hereby resolved under section 11 of Ordinance No. 17 of 1869 that on and after the date on which the sanction of the Secretary of State to this Resolution shall be notified in the Government Gazette, there shall be levied and paid upon the goods, wares and merchandise severally specified in the first column of the Schedule attached to this Resolution, import duty at the general rates respectively prescribed in the third column of the said Schedule.

Provided that import duty at the preferential rates respectively prescribed in the second column of the said Schedule shall be so levied and paid upon such of the goods, wares and merchandise specified in the first column of the said Schedule as shall be proved to the satisfaction of the Principal Collector of Customs to have been produced or manufactured in, and to have been consigned from, the United Kingdom of Great Britain and Northern Ireland, the Irish Free State, the Indian Empire, the Dominion of Canada, Newfoundland, the Commonwealth of Australia, the Dominion of New Zealand, the Union of South Africa, Southern Rhodesia, one or other of the Imperial Crown Colonies and Protectorates; the Mandated Territory of Tanganyika, the Cameroons under British Mandate, or Togoland under British Mandate.

This Resolution shall cease to have effect at the expiration of three years from the date of its coming into operation unless it is previously amended or revoked or unless its operation is extended beyond that period by a Resolution of the State Council.

SCHEDULE.

Goods, wares and merchandise.	Preferential rate.	General rate.
Acid other than acetic and formic	<i>Ad val.</i> 15%	25%
Agricultural implements, namely, ploughs, harrows, mamoties, picks, digging forks (including weeding forks), axes, kattles, pruning knives, saws and tapping knives	" 10%	20%
Aluminium Ware (other than tea chest linings)	" 15%	25%
Aluminium linings for tea chests	" 5%	15%
Beer, ale and porter and all other malt liquors.	per gallon Re. 1	Rs. 1/25
Biscuits and cakes	<i>Ad val.</i> 15%	25%
Boots and shoes, canvas, rubber soled	" 15%	15%
Boots and shoes, not elsewhere specified	" 15%	25%
Butter (tinned and frozen)	" 15%	25%
Cards, playing	" 30%	40%
Cereal foods (prepared)	" 15%	25%
Cheese	" 10%	20%
Chemicals, not elsewhere specified (other than camphor, drugs and patent medicines)	" 15%	25%
Chinaware and porcelain ware	" 15%	25%
Cinematograph film (sound and silent)	per foot 2/3rd cent.	1 cent.
Clocks and watches, and parts thereof	<i>Ad val.</i> 20%	30%
Confectionery	" 15%	25%
Cream	" 15%	25%
Cutlery, knives, scissors, razors and other cutlery ware	" 15%	25%
Dyes and dye stuffs.	" 5%	15%
Earthenware and stoneware	" 15%	25%
Electric accumulators (except splash-proof accumulators for motor vehicles, and dry cells), alternators, batteries, converters, dynamos, exciters, generators, motors, transformers, control and switch gear	" 10%	20%
Electric dry cell batteries	" 15%	15%
Electrical goods and apparatus, not elsewhere enumerated	" 15%	25%
Exercise books in paper covers	" 10%	20%
Fish, dried or salted	per cwt. Re. 1	Rs. 2
Fish, tinned, potted or preserved	<i>Ad val.</i> 10%	20%
Fruit, fresh, apples and grapes	" 10%	20%

Goods, wares and merchandise.	Preferential rate.	General rate.
Fruit, fresh or dried, not elsewhere specified <i>Ad val.</i>	15%	25%
Fruit (tinned, bottled or preserved) "	15%	25%
Furniture "	15%	25%
Gas Mantles "	15%	25%
Grain (other than paddy and rice, and malt for brewing) : Wheat, gram, peas, beans, barley and other per cwt.	Rs. 50	Re. 1
Haberdashery and millinery (excluding manufactures of silk and artificial silk) <i>Ad val.</i>	15%	25%
Hosiery (other than silk and artificial silk) "	15%	25%
Implements, tools and parts (except agricultural) "	15%	25%
Jams, jellies and preserves "	15%	25%
Lead, pig (except lead sheets, tea lead or foil) "	Free.	10%
Leather and leather goods "	15%	25%
Machine belting "	15%	25%
Machinery, not elsewhere specified and component parts thereof "	15%	25%
Machinery, oil pressing and refining, and component parts thereof "	15%	15%
Machine tools "	15%	25%
Manufactures of iron and steel, not elsewhere specified "	15%	25%
Meat, fish, poultry and game, frozen or refrigerated "	15%	25%
Meats (tinned, potted or preserved) "	15%	25%
Metals :—		
Brass, copper, gun metal, yellow metal, delta metal, bronze bars, rods, wires, tubes and pipes, sheets and plates, not fabricated "	10%	20%
Hoop iron, strapping wire and other iron and wire specially prepared for strapping packages "	10%	10%
Iron and steel, plain, plates and sheets, flat or corrugated, not fabricated "	10%	10%
Iron and steel, galvanised or coated, plates and sheets, not fabricated "	10%	20%
Iron and steel drums and tanks, painted or galvanised "	10%	20%
Iron and steel tubes and pipes, black or galvanised, not fabricated "	10%	20%
Iron and steel, black or galvanised chains, bolts, nuts, rivets, washers and nails "	10%	20%
Iron and steel, staples and wire nails, "	10%	10%
Iron and steel wire, barbed or plain black or galvanised, wire ropes and shoot runners "	10%	20%
Tin sheets and plates, not fabricated. "	10%	20%
Zinc, rolled sheets, plates and dishes, not fabricated "	10%	20%
Motor cars (not including motor lorries), motor cycles and motor scooters, including engines and chassis for motor cars and cycles, magnetos, enclosed splash-proof accumulators for motor vehicles and accessories "	20%	27½%

Goods, wares and merchandise.	Preferential rate.	General rate.
Motor lorries, motor vans, motor omnibuses, tractors and trailers, and tram cars, including engines and chassis, and such accessories thereof not otherwise specified as are not also adapted for use as accessories of motor cars, motor cycles, or motor scooters . . .	<i>Ad val.</i>	15%
Motor vehicles, spare parts of all . . .	"	15%
Musical instruments (including accessories and component parts, and gramophones, phonographs, pianolas and records) . . .	"	20%
Non-ferrous metal manufactures :		
Lead sheets, tea lead and foil, solder and soldering fluid . . .	"	5%
Oil, lubricating . . .	per gallon	Rs. -/40
Paints and painters' colours (including enamels, distempers and varnishes) and materials . . .	<i>Ad val.</i>	15%
Paper for writing and printing purposes, including plain envelopes and writing pads . . .	"	5%
Paper—mill board, straw board, card board and paste board . . .	"	10%
Paper book covers and book cover paper, ruled or printed forms, letter paper with printed headings, and printed envelopes, and all other paper not elsewhere specified . . .	"	15%
Perfumery, cosmetics, powder and toilet preparations (except perfumed spirits) . . .	"	15%
Photographic goods . . .	"	15%
Pig products, frozen and other . . .	"	15%
Safes, iron and steel . . .	"	15%
Sewing machines . . .	"	15%
Ships and other vessels for inland and harbour navigation, including steam, electric and motor launches, boats and barges imported entire or in sections . . .	"	15%
Soap, toilet, perfumed or medicated . . .	"	15%
Soap, other . . .	"	10%
Spirits :—		
Gin.	per proof gallon.	Rs. 22
Provided that in no case shall the duty be less than Rs. 18/50 per gallon where the duty per proof gallon is Rs. 22, or less than Rs. 21 per gallon where the duty per proof gallon is Rs. 25.		Rs. 25
Tea	per lb.	Rs. -/25
Textiles :—		
Cotton yarn	<i>Ad val.</i>	5%
Lace and net	"	15%
Mixed materials, blankets, carpets, handkerchiefs, scarves, shawls, piecegoods and others	"	15%
Silk and artificial silk yarn	"	10%

Goods, wares and merchandise.	Preferential rate.	General rate.
Textiles - <i>contd.</i>		
Silk and artificial silk (including any admixture thereof) and manufactures thereof, namely, articles not elsewhere enumerated made wholly thereof, and articles not elsewhere enumerated made partly thereof, in which the value of the silk and/or artificial silk exceeds 20 per cent. of the aggregate of the values of all the components of the articles.	<i>Ad val.</i> 20%	25%
Woollen and worsted manufactures (not elsewhere specified)	15%	25%
Timber, prepared and unprepared	15%	25%
Tobacco :—		
1. Unmanufactured per lb.	Rs. 2	Rs.
2. Manufactured :—		
(a) Tobacco not elsewhere specified	Rs. 4	Rs. 4/75
(b) Beedies	Rs. 4	Rs. 4/75
(c) Cigars	Rs. 4	Rs. 4/75
(d) Cigarettes :—		
(i) Manufactured in the British Empire from Empire-grown tobacco :—		
(a) Sold wholesale at not more than Rs. 11 per lb. nett	Rs. 5	..
(b) Sold wholesale at more than Rs. 11 per lb. nett.	Rs. 6	..
(ii) Manufactured in the British Empire from foreign tobacco :—		
(a) Sold wholesale at not more than Rs. 11 per lb. nett.	Rs. 5/50	..
(b) Sold wholesale at more than Rs. 11 per lb. nett.	Rs. 6/50	..
(iii) Manufactured in the British Empire from Empire-grown and foreign tobacco at rates intermediate between (i) and (ii) above according to the certified proportion of Empire and foreign leaf content . . . . .	..	..
(iv) Manufactured in foreign countries . . . . .	..	Rs. 7
3. Hooka and beedy tobacco	Rs. 2	Rs. 2/30
4. Snuff	Rs. 3	Rs. 3/50
Toys and games (including athletic material)	<i>Ad val.</i> 15%	25%
Typewriters and parts thereof	10%	20%
Vegetables, fresh or dried, not elsewhere specified	5%	15%
Vegetable (preserved or tinned)	15%	25%
Wireless goods and apparatus	15%	25%

SPECIMEN PROVINCIAL BUDGETS ON WHICH THE PERCY COMMITTEE BASED ITS REPORT.

165. THE HONOURABLE MR. HOSSAIN IMAM : Will Government lay on the table a statement giving the Specimen Provincial Budgets on which the Percy Committee based its report ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : No.

DATE OF THE PUBLICATION OF THE WHITE PAPER AND ITS DISCUSSION BY THE COUNCIL OF STATE.

166. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (on behalf of the Honourable Rai Bahadur Lala Jagdish Prasad): Will Government be pleased to state:

(a) On what date the White Paper on Indian Constitutional Reforms is likely to be published?

(b) Whether the Council of State will be in session after the publication of the White Paper?

(c) Whether an opportunity will be given to this Council for a discussion of the general question of Constitutional Reforms after the publication of the White Paper?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN: (a) and (b). It is intended to publish the White Paper on March the 18th.

(c) Yes.

PROPOSED CONSTRUCTION OF A RAILWAY UP TO KARANPRAYAG.

167. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (on behalf of the Honourable Rai Bahadur Lala Jagdish Prasad): (a) was it the intention of Government some time ago to construct a railway up to Karanprayag for the convenience of pilgrims visiting Badrinath?

(b) If so, how far has the project materialized?

(c) What is the distance between Rishikesh and Karanprayag and between Karanprayag and Badrinath?

THE HONOURABLE SIR GUTHRIE RUSSELL: (a) and (b). Yes. A survey for a line of railway from Hardwar to Karanprayag on the way to Badrinath was carried out a few years back but the results showed that the project could not be justified as a business proposition. The project has, therefore, been dropped.

(c) About 100 miles and 50 miles, respectively.

POSSIBILITY OF DEVELOPING AN AIR SERVICE UP TO BADRINATH.

168. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (on behalf of the Honourable Rai Bahadur Lala Jagdish Prasad): (a) Have Government ever considered the possibility of developing an air service up to Badrinath?

(b) Has the attention of Government been drawn to the reported successful flight by one Mr. R. N. Chawla from Delhi to Joshimath recently?

THE HONOURABLE MR. J. A. SHILLIDY: (a) No.

(b) Yes.

THE HONOURABLE MR. VINAYAK VITHAL KALIKAR (Central Provinces : General) : Sir, in connection with this Resolution* we waited in a deputation on the Honourable Mr. Shillidy and the matter has been settled for the present, so I do not think there is any need for me to move this Resolution.

THE HONOURABLE THE PRESIDENT : I am glad you have tendered this explanation to the House.

RESOLUTION *RE* PAPERS OF THE THIRD ROUND TABLE CONFERENCE AND WHITE PAPER TO BE LAID ON THE TABLE.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, I rise to move the Resolution which stands in my name, namely :

"This Council recommends to the Governor General in Council to lay on the table the papers of the third Round Table Conference and the White Paper on the Indian Constitutional Reforms."

While sending notice of this Resolution, Sir, I thought that perhaps the publication of the White Paper might be delayed so that we may have a discussion on the third Round Table Conference at this stage and a separate day might not be fixed till the end of this session but in the next session, for the discussion of the White Paper. The Press reports state that probably the White Paper will be available to us on the 17th or 18th instant. As it will incorporate the proceedings of the first, second and third Round Table Conferences together with the proposed action of the Government of India, I need not detain the House with a long discussion of the third Round Table Conference now. I will be satisfied if the Government will assure us that they will set aside a special day from the official days for the discussion of the White Paper and that they will give us an opportunity to discuss it thoroughly and give our views on it.

With these words, Sir, I move the Resolution.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal : Muhammadan) : Sir, I beg to move my amendment which runs as follows :

"That for all the words after the words 'Round Table Conference' the following be substituted, namely :

'and refer the White Paper to a Committee of all the non-official Members of this Council for consideration and report '."

Sir, the point of my amendment is that before raising a debate on the results of the third Round Table Conference and the White Paper, a Committee of the non-official Members of this Honourable House should be appointed

* "This Council recommends to the Governor General in Council that in the gradation lists of each postal circle, the names of the postal inspectors—whether employed in towns of the first class head offices or in the mufassil—who, from various time-scales of pay, were brought on to the revised uniform scale of pay, viz., Rs. 160—10—250 by Government Order No. 11-P. T. E., dated the 5th August, 1927, be serially arranged strictly in order of the dates of their substantive appointment to an inspector's post prior to the revision of 1927."

who will study the details and submit a report. I am impelled and emboldened in this view by paragraph 4, page 64 of the Report of the Indian Round Table Conference, Third Session, December, 1932. With your permission, Sir, may I read to the House this paragraph which is in support of my amendment? It runs :

"In particular it was thought desirable that opportunity should be afforded to the Chamber of Princes and the States individually to consider the Constitution as outlined in the White Paper and possibly again at a later stage (*e.g.*, during the Report stage) if important amendments were introduced in the scheme after its discussion in the Joint Committee where the States would be represented and the introduction of a Bill in Parliament".

Sir, it is reported that the Executive Committee of the Princes will have an opportunity of discussing the White Paper and the Committee of the Princes will be taken into the confidence of Government. If this be a fact, there is no reason why the Members of this Council should not be given an opportunity of discussing and giving their views. Sir, the Second Chamber represents the stable elements,—persons having a stake in the country. Its opinion is always sober, sound, judicial and of great weight. Matters of great importance to India are to be decided by the Parliamentary Committee and representatives of this House should be consulted and their views forwarded to the British Parliament. This is the real method of getting the opinion of the public men and the accredited representatives of the people with some stake in the country. The details of the third Round Table Conference were discussed without the representation and co-operation of the Council of State. Its inclusion now in a consultative capacity is extremely desirable.

Sir, I move.

THE HONOURABLE THE PRESIDENT : Amendment moved :

"That for all the words after the words 'Round Table Conference' the following be substituted, namely :

'and refer the White Paper to a Committee of all the non-official Members of this Council for consideration and report'."

Discussion will now proceed simultaneously both on the original Resolution and the amendment.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House) : Sir, I have only this morning stated in answer to a question that it is intended to publish the White Paper on the 18th of March. Government is willing that subsequent to the publication of the White Paper and before the conclusion of this session a day be given to this Honourable House to discuss the White Paper. I trust this will meet with the wishes of this House.

THE HONOURABLE MR. HOSSAIN IMAM : Sir, in view of the fact that Government will give us a day for the discussion of the White Paper, I need not press my Resolution.

THE HONOURABLE THE PRESIDENT : Is it your pleasure that leave be granted to the Honourable Member to withdraw his Resolution ?

HONOURABLE MEMBERS: Yes.

The Resolution was, by leave of the Council, withdrawn.

THE HONOURABLE THE PRESIDENT: The amendment now necessarily fails.

RESOLUTION *RE* SCALES OF PAY AND ALLOWANCES OF FUTURE ENTRANTS TO THE SUPERIOR SERVICES.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, I rise to move the Resolution which stands in my name and which runs thus:

"This Council recommends to the Governor General in Council to appoint as early as possible a Committee with a non-official majority consisting of Members of the Central Legislature to consider and recommend to Government the scales of pay and allowances of future entrants to superior services, and that the report of the special officer deputed for this purpose be also laid before this Committee for its consideration."

Sir, I do not know what attitude Government will take regarding my Resolution, but I know that at least once they wanted to consult the General Purposes Sub-Committee of the Retrenchment Committee before they came to any final decision about the scales of pay and allowances, pensions and leave rules of new entrants to the superior services in this country. When Mr. Sloan, the Special Officer, was engaged for this purpose, Government decided that he would collect material mainly from all Provincial Governments as well as from the different branches of the Central Government, and also from the British Dominions and other foreign countries, and place them before the Retrenchment Sub-Committee with his own suggestions. The General Retrenchment Committee in one of its early sittings decided that the General Purposes Sub-Committee, with the co-option of all the Chairmen of the different Sub-Committees, would go into the question of salaries, pensions, allowances and leave rules for future entrants to the superior services. Mr. Sloan, I understand, has almost completed his task, and from the newspapers also we find that he is being put on to relieve Mr. Gwynne soon. I also understand that the Honourable Finance Member while speaking on this subject in the other House observed that a great deal of agreement has been arrived at regarding the proposals. I claim, Sir, that before the Government put their final seal on this very important matter, elected representatives of the people should have some opportunity to express their views on such a vital matter. It is well known to the House that Government have not really balanced the budget for the last few years. This year the budget has been balanced owing to the enormous exports of gold, which I do not think will be repeated during the coming year, and so we must cut our coat according to our cloth. In any case there is no data to justify the anticipation of larger revenue. Unless the Government changes its policy, the balancing of the budget and increase in the revenue seem to be far distant. Either the Government must curtail its expenditure or they must reduce the salaries of future entrants. We find that the United States of America have reduced the salaries of their services by 15 per cent. That shows, Sir, how other democratic countries like the United States are dealing with this very important matter. I do not want to enter into detailed figures showing how the salaries of our superior services in India compare with those of the same services in other countries because the Government have come to the conclusion that there is a necessity for revising

the scales of pay and allowances, and on accepting that policy they did appoint Mr. Sloan to investigate the matter thoroughly and to make a report. Sir, the Honourable the Home Member while speaking in the other House observed that he would not lay great stress upon a comparison of the salaries paid in other countries because conditions in India were different. I agree with him that conditions in India are different. The average income of an average Indian is far below that of other countries which the Honourable the Home Member had in view in making that remark. In view of the existing fall in incomes and the existing grave economic depression, it is imperative for us to come to a speedy conclusion in regard to the subject-matter of my Resolution. I have therefore put forward a very modest demand, that Government, before coming to a conclusion, should take the Legislature into their confidence and refer this matter to a Special Committee with a non-official majority of the Members of the Central Legislature. I would not have moved this Resolution if it was not that the Retrenchment Committee has been dissolved and there was no means of approaching the Government except through this Resolution. I have therefore moved this Resolution asking the Government to appoint a Committee to consider Mr. Sloan's report and to make recommendations. After all, Sir, the Committee's functions will be purely advisory and it will be open to Government to accept or reject their proposal. There is a strong case for an inquiry by an independent body like the Committee I suggest.

I hope, Sir, that the Government will see their way to accept my Resolution and refer this important matter to a Committee which will consider the matter with an open mind in all its aspects and make recommendations to Government.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : Sir, I rise to take part in the discussion of the Resolution and to support it with great pleasure. The Honourable the mover of the Resolution has been able to bring home to the House the justification for the proposed measure by his reasonableness in unequivocal terms. In spite of the balanced budget showing a surplus of Rs. 43 lakhs for 1933-34, nobody will gainsay that there is absolute necessity for, not only trimming the extravagance in the public administration but reducing its top-heaviness in such a manner that the public expenditure may be co-ordinated with the taxable capacity of the people.

Sir, the superior service holders in the public administration in India form an enviable class by themselves and draw fat salaries and allowances incommensurate with the proverbial poverty of India. The people are being taxed and assessed for providing the superior service holders with big salaries and allowances. In these circumstances, it is quite in the fitness of things that there should be an enquiry with a view to revising the scales of pay and allowances for the future entrants to the superior services. Sir, "the old order changeth yielding place to the new". And a new era is dawning upon us with regard to the constitution of our country and although, I am afraid, it will not be a change of lock, stock and barrel, the constitution, I believe, will be such as workable and capable of meeting the demands of the people. In a new order of things, Sir, it is fair, just, equitable, nay, quite logical, that the scales of pay and allowances for the future entrants to the superior services must be fixed anew.

[Mr. Jagadish Chandra Banerjee.]

As regards the proposal for the appointment of the Committee consisting of Members of the Central Legislature to consider and recommend to Government the scales of pay and allowances of future entrants to the superior services, I support it with all the emphasis that I can command because the Members of the Central Legislature being the representatives of the people will be able to put before the proposed Committee their views, suggestions and observations for their consideration. And, therefore, the demand for a Committee is not a preposterous one. In view of what has been said by my Leader, the Honourable the mover of the Resolution and of which the House must have been convinced, I hope the Members will unanimously agree to his proposal which I have the honour to support.

Now, Sir, there is that part of the Resolution which deals with the request for presentation of the report of the special officer deputed for the purpose of recommending to Government the scales of pay and allowances for the future entrants to the superior services. A pertinent query naturally comes uppermost in our minds about the work and activities of the special officer deputed for the purpose stated above. We should like to know if he has or is going to submit any *ad interim* report of his work so far accomplished. It is highly proper that Government, before taking any action on the report of the special officer and giving effect to his recommendations, should place those matters before the Committee that has been proposed by the Honourable the mover of this Resolution. Sir, a one man's show must be discussed threadbare and fully from various points of view before Government accept it as a *fait accompli*. So, Sir, it is not only our fervent demand to Government for the appointment of a Committee as asked for by the Honourable the mover of the Resolution which has been explained by him clearly and with valid reasons but also it is wanted by us so that the report of the special officer should be placed before the proposed Committee.

In conclusion, I would appeal to Government and the House to accept the Resolution of the Honourable the Leader of my Party, for, if the proposed Committee be appointed and if the report of the special officer be placed before it for consideration, then its recommendations will enable Government to find out means to effect appreciable economy in the public expenditure concerning the superior services.

THE HONOURABLE MR. BIJAY KUMAR BASU (Bengal : Nominated Non-Official) : Sir, before the discussion proceeds further, I think I ought to inform my friend, the Honourable Rai Bahadur Lala Ram Saran Das, that the Retrenchment Committee, of which I had the honour to be a member, was constituted from the Members of the Central Legislature. That Retrenchment Committee held a meeting in December last when this particular matter came up before that Committee, and my friend would perhaps remember—it was out in the papers at the time—that all the members of the Retrenchment Committee were unanimous in their opinion that Mr. Sloan should submit his report to the Executive Government as the Retrenchment Committee as a body did not like to take any responsibility in the matter. They were of opinion that whatever the Government would like to do they could do and take the responsibility.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Which Retrenchment Committee are you referring to ?

THE HONOURABLE MR. BIJAY KUMAR BASU : The Retrenchment Committee that was appointed in the year 1932.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Not the General Purposes Committee.

THE HONOURABLE MR. BIJAY KUMAR BASU : I am talking of the main Committee, of which the General Purposes Committee was only a Sub-Committee. Therefore it was decided at the meeting of the Retrenchment Committee—of the Retrenchment Advisory Committee, to put it correctly—that Mr. Sloan should submit his report to the Executive Government and they should take the full responsibility—whether they would reduce the pay or do whatever they liked—and after that it should come up before the House ; not the report, but the decision of the Government should come before the House and that we should have a chance of discussing the matter then.

THE HONOURABLE MR. E. MILLER (Bombay Chamber of Commerce) : Sir, it is possible that the Government may be able to offer an explanation this morning which will make this Resolution unnecessary and I hope it will be so. In the meantime I should like to support my Honourable friend the mover. I have not got very much to say, because I mentioned this matter in my remarks during the budget debate. I would only express the hope that Government will give us some definite information and not merely inform us that the matter is still under active consideration. It is rumoured that one point under consideration is whether the revised scales of pay for particular posts should in future also apply to present members of the services. I should like Government to give this House an assurance that this is not contemplated ; it is a step which obviously would be most unfair.

THE HONOURABLE SIR PHIROZE SETHNA (Bombay : Non-Muhammadan) : Sir, it is beyond all cavil that India is a poor country and that the scales of pay should be reduced, particularly because of the times we are passing through, and it is gratifying that Government themselves share that view and for that purpose had appointed a Committee and that an officer is actually going through facts and figures at present and will soon present his report. My Honourable friend, the mover of this Resolution, has, however, given us no indication as to what reduction he is aiming at. I do hope that he does not go to the extent that one political party in this country desires, namely, that the Viceroy himself should not be in receipt of a pay of more than Rs. 500 per mensem, not per annum. If anything like that is attempted, then I am reminded of what a friend, a prominent Member of the other House, told me the other day, that instead of asking Government for a salary he would himself propose to offer to Government a certain amount per mensem provided he was installed in some such position as Income-tax Commissioner or something similar.

Now, Sir, I am certainly not against lowering the pay and it will have to be done, but at the same time we have got to consider other conditions which do prevail in this country at the present moment, that is to say, in spite of the fact that Indianization is going on in every department of Government, we have and will continue to have for some more years many Europeans in the different services. So far as the Indian Civil Service is concerned, I have always said and I repeat that if it is the best paid civil service in the world, it is also the most efficient (Applause), and we must not forget that Indians are entering this service more and more and we must not differentiate in the salaries of Europeans and Indians in a manner that the Indian will be looked down.

[Sir Phiroze Sethna.]

upon by the public in comparison with the European official. We would not like the salary of the European official to be such as would enable him to go about in a motor car, whilst the Indian official in the same position would have to be content with a horse carriage. We would not like the Indian to live in a flat, while the European because of his higher pay can afford a bungalow. That sort of differentiation should not prevail for the good of the service and for the good of the administration. My contention however is that because the European comes out here from a long distance and because he has in many cases to maintain two establishments, he certainly must receive more but not more in the way of getting a larger salary. The salaries of both should be the same, so that there is no difference in the amount of pension, etc., but the European may get his overseas allowance which he is getting today; nay, I for one would not mind if he got a still larger overseas allowance than what he is getting today, provided the concessions granted by the Lee Commission are done away with. It is very satisfactory that Government are considering this matter and that we shall soon get to know the decision which the Government propose to arrive at.

One of the points to which I would like to draw the attention of the House is this. The salaries must not be so lowered that employment in Government service will not continue to be the draw and the attraction that it is today. I may remind you, Sir, that in the days of the boom when the Civil Service and the other services were paid their scheduled salaries, the salaries paid to others in the commercial lines were so very much more than what the Civil Service and the higher grades did receive that I am sure the civil servants and other officials were green with envy. A repetition of that will follow if the services are not well paid. My Honourable friend has not given any indication whether he wants the pay of the services to be reduced by one-fourth or one-third or one-half. Whatever his intentions may be, I do hope the recommendations of Government will be such as will enable the officers concerned, European or Indian, to live comfortably, to be above corruption, and enable them to carry on the administration as it has been during the last 150 years.

There is one other point. If Government are contemplating any changes there is one change which I may suggest and that is in the matter of leave rules to Indians as compared to leave rules in the case of Europeans. In this connection I may quote what is done by European banks and insurance companies and other large establishments which send out men to different parts of the world. To their men who stay in their own country the leave they give does not extend beyond a fortnight or three weeks or at most a month in a year. To those who go to better climates than India they give leave every three years for two or three months, and to those who come out to India or go farther east six months every two or three years or five years. I do not see why Indians who live in their own land should therefore get the same amount of leave as Europeans do and in consequence cost the country so much more. That is a point which I would like the Government to take into consideration.

Sir, I have much pleasure in supporting this Resolution. This Resolution foresees that the report of the special officer will be placed before Government but what it contemplates is that before Government take any action on the recommendation made by that officer the two Houses through their representatives by a Joint Committee will be given an opportunity to express their views and which views, I am sure, will help Government better in carrying out the object they will have in view.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, this Resolution which the Honourable Leader of our Progressiye Party has moved, is not a new Resolution. We had a Resolution something on these lines in September, 1931, in the Council of State. I moved the Resolution then that a Viceroy's Commission be appointed to revise the salaries and emoluments of the new entrants to the services. But because of the fact that I suggested a Viceroy's Commission it was neither accepted by the Government nor was it enthusiastically supported by this House. At that time the reports of all the Retrenchment Committees were not out, and it was thought that perhaps the Retrenchment Committees would give some indication and would make some concrete suggestion about the pays and emoluments of future entrants. In this connection I note that of all the Committees the only Committee which has dealt a little thoroughly with this matter is the Post Office Committee of the Honourable Mr. Shillidy's Department. But, Sir, their report about new entrants failed to take into consideration the full effect of the depression and the reduced income. The reduction that they offered us, to say the least of it, was a very mild reduction, a reduction on which even the standards applied by Sir Phiroze Sethna would not be met. A reduction of about 5 to 10 per cent., that is all they suggested in the pay and emoluments of future entrants. In this connection, Sir, I should like to mention that a part of the report of the Retrenchment Committee to which I belonged was suppressed by the Government. The Public Works Department and Accounts Committee—Part 4 of the report,—never saw the light of day, which said something about the pay and emoluments of future entrants to the services. And, Sir, Mr. Emerson, when I moved my Resolution, stated that the method that I had suggested of a Viceroy's Commission would have two disadvantages. It would not be economical and it would take too long. It is now a year and a half since I moved my Resolution and still nothing has been done. That shows that the Government method has not led to any economy in point of time. And if the expenditure is counted up, I am sure the expenditure of the special officer appointed to look into this matter and the staff which is carrying on this work will not be found to be any less than the cost of my Committee would have been. We have got the report of the General Purposes Committee which went into and recommended retrenchments in a number of departments. Compare the cost of that, the amount of money involved in that with the cost incurred by the special officer and you will know which is the more economical method. I need not here repeat the argument which I used then about the difference between the scales of pay and emoluments of different officials in different countries of the world. That is still in the book and can be referred to any time we require the information. The thing, Sir, to which I take great objection is the relation between the General Purposes Retrenchment Committee and the Central Advisory Retrenchment Committee. Sir, when a Resolution was moved in this House by me that a Committee on the lines of the Geddes Committee be formed for effecting retrenchments in March, 1931, the then Finance Secretary asked us not to press that Resolution because the Government contemplated forming a Retrenchment Committee in which the Legislature would be sufficiently represented. The Committee was formed, Sir, but with this difference that, while in the Assembly the motion was made and the members were selected by the Assembly, this House was never consulted and never asked to nominate; we were not even informed as to who were to represent this House. This is the difference in the way in which the Government treated us and the Assembly. This matter of the pay and emoluments of future

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entrants was part of the terms of reference of the General Purposes Committee. The Central Advisory Committee superseded it without any rhyme or reason. The General Purposes Committee, because it proved not quite amenable to the dictation of the Finance Department, was abrogated, and its terms of reference were revoked and it was taken up by the other Committee, the Central Advisory Committee. I have no objection to raise, Sir, against the Central Advisory Committee because it was also a Committee of the Legislature and it deserves the same amount of respect as the other Committee. But, Sir, there is this thing that if a Committee has been appointed and if it has considered the matter that has been put before it and collected facts and figures relating to it, it is only right and proper that that Committee should remain in charge, and unless it has behaved in an improper way its terms of reference should not be revoked. In this connection, Sir, as early as I think June, 1931, there was a conference of the Provincial and Central Governments about the pay and emoluments of future entrants. Its proceedings have remained hidden in the Finance Department's archives and has never seen the light of day although we have repeatedly asked the Government to give them publicity and place the facts before us, so that we may know what the Local Governments and the Government of India have in view. I have had a very sad experience of the way in which sometimes officials dealt with subjects of the nature with which Mr. Sloan is now dealing. I think I will not be going out of the way if I remind the House of Mr. Jukes' report on the increase in expenditure of the Government of India during the last seven or eight years. The Finance Member originally told us in 1931, at the time of the budget debate, that we might base our retrenchment measures on the basis of Mr. Jukes' report, but that report seemed rather to justify expenditure rather than to recommend any reduction in it. If you refer to that report, you will find that most of the explanations are to justify the increase in expenditure and there are very few suggestions for reduction in expenditure. We do not think, Sir, that Mr. Sloan's report will be of the same nature, but to be forewarned is to be forearmed. That is why we make this request, a request that is a mild one. We do not wish to tie the hands of the Government. We only wish that before Government comes to any final conclusion on Mr. Sloan's report, it ought to consult the representatives of the people and that we should be given, not the final power, but at least the right to advise the Government on the measures which in all its wisdom it might decide to adopt for the future. I think it is a very reasonable request and if the Government is really having a change of heart, and if it contemplates that any sort of responsibility in the matter of finance is to be given, it ought to be more generous and less adamant than it has been previously.

Sir, with these words I support this Resolution.

THE HONOURABLE MR. J. B. TAYLOR (Finance Secretary): Sir, Government find themselves in some difficulty about this Resolution, because while we heartily sympathise with the object underlying it, it deals solely with the question of procedure. The Resolution says that the Governor General in Council should appoint as early as possible a Committee with a non-official majority, and secondly, that the report of the special officer deputed for this purpose should be laid before the Committee. The first difficulty is, as was pointed out by the Honourable Mr. Basu, who was a member of the Committee, that the Retrenchment Advisory Committee definitely took cognizance of this matter. That Committee consisted of the Honourable the Finance Member as Chairman with two Members of this House and eight Members of the Legislative Assembly—

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : How many out of these Members were present on that day ?

THE HONOURABLE MR. J. B. TAYLOR : I am afraid I do not know, nor do I see how it is relevant to the point I am making. The Honourable the Finance Member, on the 12th of December last, at a meeting of that Committee, pointed out the practical difficulties in the existing method of procedure for approaching the end which is desired by all of us, that is to say, the earliest possible decision of this important matter. After all, the real question which is at the heart of this House and everybody else is to effect this general reduction in pay as soon as possible, and the question of procedure must obviously be ancillary to that end.

Fixing pay scales is not a simple matter. In 1919 and 1920, when we were rushed over the matter, we found that as a result of our hurry great anomalies were created and it is much easier in Government service creating anomalies than abolishing them. On this occasion we have been able to adopt a rather more considered procedure because the Retrenchment Committee had already succeeded in effecting drastic retrenchment in all the Public Services. Thus retrenchment took two forms. In the first place, a large number of Government officers were dismissed and in other cases those who were about to retire were left supernumerary to the establishment so that no vacancies will be created on their retirement. This was obviously better for the men themselves and cheaper to Government. But it means that in practice recruitment is almost totally discontinued for the present. There is then not such vital urgency as might have been the case and this has given us more leisure to prepare a more comprehensive scheme with the officer on special duty. The difficulties of arranging such a scheme were placed before the Advisory Committee in December and they definitely recognised then that the best and the most practical course was to leave the responsibility to the Executive Government.

There is to be no formal report of the officer on special duty, who I may inform the House has very nearly concluded his labours. He went down about a fortnight ago to Calcutta and Bombay to conclude the various minor matters still outstanding on the spot, and we expect that we will be able to get on with the work very quickly now. The Honourable Mr. Miller, in this connection, raised a point which I think I might incidentally deal with here. He enquired whether the rates of pay are to apply to existing incumbents. The terms of reference to the officer on special duty apply solely to new entrants. I trust that will satisfy him.

There is one very valuable point that was made by the Honourable Sir Phiroze Sethna, which incidentally illustrates the difficulties of such an examination, and that is that we have to consider not only the actual scales of pay but also of leave. Undoubtedly, in the hurry immediately after the war, leave scales were revised for many classes of Government servants on too generous lines. The present seems to offer a very convenient opportunity of re-modelling them on lines more in accordance with equity. That also is one of the subjects on which we expect the very early views of this officer on special duty.

I am now in a position to sum up what the procedure of Government is in respect of this matter. There is to be no formal report. The officer on special duty has been in informal touch with the departments. He puts up memoranda giving his views and after such consideration they come up to the

[Mr. J. B. Taylor.]

Finance Department. Then they are worked together into the general framework so as to make certain that there are no wide anomalies between one department and another doing somewhat similar work. As soon as final investigations are completed—I may say that they are practically completed now—the whole case will be considered by the Government, that is to say, the Executive Council of the Governor General in Council, and orders regarding the pay will then issue as each particular department can settle its scales in accordance with the framework. It would be quite impracticable, as the Advisory Committee recognised, to put a wholesale volume dealing with all the scales of pay of all the employees of Government throughout the length and breadth of India before the Legislature or before any Committee. That would delay matters indefinitely. On the other hand, I would like to repeat the assurance which the Honourable the Finance Member gave to the Advisory Committee. He said that the Governor General in Council had not reached a final decision on these scales and that when he took the matter in the Executive Council, he would place before it the views of the Members of the Committee. He felt at the same time that it was the Executive Government's responsibility to fix these scales and put it to the Committee that they should acquiesce in Government's doing so.

I would put it to this House that that is the attitude which this House should also adopt in the matter. We shall certainly give full consideration to any points of principle made, but it is clearly outside the scope of this House or of any Legislature to discuss whether a particular clerk should get exactly so much more or less than somebody else. What we want to hear are general principles like those put by the Honourable Sir Phiroze Sethna regarding the relative scales of pay of the various services. Details must be left to be settled by the Executive Government. I therefore trust that the Honourable Member will see his way to withdraw the Resolution in view of the fact that we have after discussion with a Committee of both Houses which was appointed to discuss this matter, settled on the procedure which we consider most likely to give us the early results which are desired by everybody.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Sir, I

12 Noon. am disappointed with the reply of the Honourable Mr.

Taylor. I was a member of the General Purposes Sub-Committee to which this question was referred. I know that there were difficulties in regard to this matter being referred to us. As far as I can understand the Government made every effort not to refer this matter for consideration and advice to the Retrenchment Committee. The Chairman of the General Purposes Sub-Committee, Sir Abdul Rahim, was so disgusted with this attitude of the Government that it perhaps led him not to beg for it. As far as I can understand, it was due to indifference of Government and want of time that the General Retrenchment Committee refused to deal with it. As far as my information goes, in the General Retrenchment Committee this matter was not dealt with in the manner in which the Honourable Mr. Basu indicated. Sir, it is rather painful to hear the Honourable Mr. Taylor observe that this matter need not come up before either House because the two Houses are not to determine the salary of one clerk as compared with a clerk in another department. The Honourable Mr. Taylor knows that my Resolution does not concern clerks. It does not deal with the subordinate services. It deals only with the superior services, and I think, Sir, as far as the superior services are concerned, it is essential that both Houses of the

Legislature should be taken into consultation. This is so important a matter that Government should not refuse to take the advice of the Central Legislature. My esteemed friend Sir Phiroze Sethna during his observations said that I did not indicate what reduction I proposed for the various services. I did not purposely go into that matter because those are points for consideration and recommendation by the Committee which my Resolution proposed should be set up. Of course I do not wish that salaries should be so fixed as would not attract the right sort of people. I must pay my tribute to the superior services because they have done very well so far. I have got no grouse against them. I can assure my friend the Honourable Mr. Miller that I do not wish that the new scales should apply to those who are already in service on the existing scales. I only wish that future entrants, and those who have recently joined on the condition that their pay is subject to revision, should come under the new scales. I, therefore, Sir, request the Government to refer this matter to the Committee I have suggested and let that Committee advise them on the subject. It would be not at all right to refuse advice of the Central Legislature in regard to this vital matter.

With these words, Sir, I commend my Resolution for the favourable consideration of this House.

THE HONOURABLE THE PRESIDENT: Resolution moved :

"This Council recommends to the Governor General in Council to appoint as early as possible a Committee with a non-official majority consisting of Members of the Central Legislature to consider and recommend to Government the scales of pay and allowances of future entrants to superior services, and that the report of the special officer deputed for this purpose be also laid before this Committee for its consideration."

The question is :

"That that Resolution be adopted."

The Council divided :

AYES—15.

Banerjee, The Honourable Mr. Jagadish Chandra.
Buta Singh, The Honourable Sardar.
Devadoss, The Honourable Sir David.
Dutt, The Honourable Rai Bahadur Promode Chandra.
Gounder, The Honourable Mr. V. C. Vellingiri.
Habibullah, The Honourable Nawab Khwaja.
Hossain Imam, The Honourable Mr. Kalikar, The Honourable Mr. Vinayak Vithai.

Moti Chand, The Honourable Raja Sir. Naidu, The Honourable Mr. Y. Ranganayakalu.
Padshah Sahib Bahadur, The Honourable Saiyed Mohamed.
Pandit, The Honourable Sardar Shri Jagannath Maharaj.
Ram Saran Das, The Honourable Rai Bahadur Lala.
Sethna, The Honourable Sir Phirozo.
Suhrawardy, The Honourable Mr. Mahmood.

NOES—27.

Akbar Khan, The Honourable Major Nawab Sir Mahomed.
 Bartley, The Honourable Mr. J.
 Basu, The Honourable Bijay Kumar.
 Charanjit Singh, The Honourable Raja.
 Chetti, The Honourable Diwan Bahadur G. Narayanaswami.
 Choksy, The Honourable Khan Bahadur Dr. Sir Nasarvanji.
 Coburn, The Honourable Mr. M. R.
 Commander-in-Chief, His Excellency the.
 Cotterell, The Honourable Mr. C. B.
 Drake, The Honourable Mr. J. C. B.
 Fazl-i-Husain, The Honourable Khan Bahadur Mian Sir.
 Ghosal, The Honourable Mr. Jyotsnanath.
 Hafeez, The Honourable Khan Bahadur Syed Abdul.
 Hallett, The Honourable Mr. M. G.

Israr Hasan Khan, The Honourable Khan Bahadur Sir Muhammad.
 Jalan, The Honourable Rai Bahadur Radha Krishna.
 Johnson, The Honourable Mr. J. N. G.
 Khaparde, The Honourable Mr. G. S.
 Maqbul Husain, The Honourable Khan Bahadur Sheikh.
 Miller, The Honourable Mr. E.
 Muhammad Din, The Honourable Khan Bahadur Chaudri.
 Murphy, The Honourable Mr. P. W.
 Noon, The Honourable Nawab Malik Mohammad Hayat Khan.
 Russell, The Honourable Sir Guthrie.
 Shillidy, The Honourable Mr. J. A.
 Taylor, The Honourable Mr. J. B.
 Watson, The Honourable Sir Charles.

The motion was negatived.

The Council then adjourned till Eleven of the Clock on Wednesday, the 15th March, 1933.

COUNCIL OF STATE.

Wednesday, 15th March, 1933.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

RESOLUTION *RE* (1) WITHDRAWAL OF THE NOTIFICATION EXEMPTING SALARIES FROM INDIAN INCOME-TAX AND (2) IMPOSITION OF INDIAN INCOME-TAX ON INDIAN STERLING LOANS.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan): Sir, before I move my Resolution I would ask your permission to make a slight change in the Resolution. In the second line for the words "drawn in England" I wish to substitute "drawn in British possessions outside India".

THE HONOURABLE THE PRESIDENT: I do not see any objection. I would like to know the Government Member's view.

THE HONOURABLE MR. J. B. TAYLOR (Finance Secretary): No objection.

THE HONOURABLE MR. HOSSAIN IMAM: Sir, I rise to move the Resolution:

"That this Council recommends to the Governor General in Council (a) to withdraw the notification exempting salaries drawn in British possessions outside India from Indian income-tax, (b) to move the British Government for the necessary sanction and power to impose Indian income-tax on Indian sterling loans.

Sir, before I deal with the merits of the Resolution I should like to remind the House of the history of this Resolution. For the first time, Sir, the General Purposes Committee during its inquiry found a serious defect in the working of the Indian Income-tax Act inasmuch as the pensions and pays, the salaries and substantive pays drawn outside India in other British possessions were exempted from Indian income-tax and therefore they recommended that Government should take steps to impose Indian income-tax on all these salaries. This question was agitated at the time of the budget discussion during the latter part of 1931 when the emergency budget was introduced. After that, Sir, Sir David Devadoss, an ex-Judge of the Madras High Court, brought forward a Resolution on this subject on the 14th March, 1931. I tried, Sir, to bring a Resolution last September during the Simla session but on account of the fact that it was held that my Resolution was substantially the same as Sir David's my Resolution was debarred on account of its being within one year of the Resolution already discussed. It is exactly a year and a day since that Resolution was introduced. There is some difference between the Resolution which I have moved and the one which Sir David Devadoss had moved. Although the implication is practically the same

[Mr. Hossain Imam.]

no doubt, the wording has been changed to meet the objection raised by the Government. Sir, the history of this shows how often the Government had to change its front and take up position after position which on being found untenable was left one after the other. The first line of argument which the Government took up was that it would cause hardship to the Government employees whose pensions would be subject to Indian income-tax. When that point was made and it was urged that there would be no hardship because of the fact that there is a provision in the English income-tax law as well as in the income-tax law for giving mutual relief for income-tax charged by one country from the other, then the line was taken up that we were debarred from imposing our income-tax on account of the circumscribing effect of the Government of India Act which confine the legislative powers of the Indian Legislature to the boundaries of geographical India. When that point too was met, the Government tried to take shelter behind the fact that as the income-tax was not disbursed in India therefore this could not be effected. At the moment the Government's main point is this one, that the sterling disbursements are paid outside India and therefore they are not in a position to impose the Indian income-tax. I, Sir, have tried to meet this difficulty by not asking the Government to impose income-tax. I ask them to withdraw the notification issued by the Finance Department which happens to be No. 1319-F., a notification issued as far back as the 28th April, 1920, and amended by No. 1205-I. T., dated 4th February, 1926, and No. 42, dated the 20th November, 1926. These notifications were issued by the Government of India and as such no technical objection or legal flaw can be pointed out in asking the Government to withdraw its own notifications. In this connection, Sir, I wish to point out that the very fact that the Government of India issued a notification exempting these salaries shows quite conclusively that they regarded it as part of income accruing in India. I, Sir, asked a question about the subject in the last Simla session. My question was No. 42 of 1932 in which I asked the Government to quote the section of the Government of India Act or other relevant authority under which sterling pensions are exempted from Indian income-tax. The reply of the Government was that the Government of India know of no statutory provision exempting sterling pensions from Indian income-tax nor is any such provision necessary to validate the existing practice of the territorial limitations imposed on the powers of the Government of India by section 65 of the Government of India Act. That, Sir, is a point which I will discuss, whether section 65 of the Government of India Act acts as a bar to our imposition or not. But, Sir, when I asked a supplementary question on the same day whether the sterling pensions accrued in India or outside, it was held that it was a point not of fact but of law and therefore this question could not be asked.

I am going to confess that sometimes, when I am dissatisfied with the answers which I get from the Treasury Benches here, I have recourse to the question being put in the Assembly, and when this very same question was put in the Assembly, quite a satisfactory reply was given. I would refer my Honourable friend to question No. 1167 which asked: "Are the Government aware that sterling pensions accrue in India?" and the reply of the Government Member, Sir Alan Parsons, was that that was the view held by the Government.

Now, Sir, I should like to remind the House of the income-tax law existing in England. There are three kinds of taxable incomes as far as jurisdiction is concerned. One is income accruing in the country and realised by people inhabitant in the country. Every one admits that the right of the Legislature

to impose a tax on such incomes is supreme. The second class is income of people resident in the country but derived from outside the country. The British Government holds that all these incomes are liable to income-tax in the country in which the man draws the income. The Government of India are following suit and they have brought forward a Bill to amend the Indian Income-tax Act to make incomes accruing from outside India but received by people in India liable to Indian income-tax. There is the third class of incomes—incomes accruing in the country but drawn by people residing outside the confines of the country. There, too, the English Government holds that merely because of the fact that it accrues in the country, it is liable to the tax. I should like here to refer to the practice in England. There, persons who reside outside the country but who derive any profits from the country are subject to English income-tax irrespective of whether they reside in British possessions or in foreign countries. The most important point is that income-tax liability is established for two reasons, either that it is received in the country or because the person drawing it resides in the country. Pensions and salaries drawn outside India but which accrue in India should not be exempted from the general principles merely because they are paid outside the country. Here a strange position is revealed by the Government. People, although they reside outside England, have to submit to English income-tax because their pensions are liable to be paid in Great Britain, but they are exempted from Indian income-tax. There will no doubt be a little hardship, but not on the persons who are drawing the salaries. It will be a little hard on the English exchequer I admit, but is that any reason why justice should not be done? Every day civil courts pass decrees handing over funds which have been wrongly held by others to the rightful owners. Do we call that a hardship on the people who have got illegal possession? In the same way, the British exchequer did not formerly bear the cost of the India Office, but now the British Government have saddled themselves with a part of the cost of the India Office. Is it any reason, Sir, that because this will cause hardship to Great Britain, this should not be done? The argument that the British Exchequer is not in good circumstances now and therefore we should not try to impose this burden on them does not carry weight. We are in a worse plight.

I have divided my Resolution into two parts, because I find that there is a notification of the Government of India exempting the one from Indian income-tax and there is no notification of the Government of India exempting the other. So far as salaries are concerned, I think Government have no case to insist on keeping on that provision in view of the fact that the precedent of the English Constitution is against them. Regarding the second part, I would like to quote the procedure adopted in England. In England, incomes derived from public securities are subject to Part C of the Income-tax Schedule. The provision there is perfectly clear. It is given on page 369 of Saunders' Income-tax and Super-tax, 3rd Edition, that :

“ All profits arising from interest, annuities, dividends and shares of annuities payable out of any public revenue are subject to Schedule C ”.

In the further discussion on the subject Saunders has pointed out that the mere fact that a person resides outside Great Britain does not give him immunity from the English income-tax. I therefore ask the Government not to impose income-tax on the interests of sterling securities outright, but I ask them that, if they think they have no power to impose it now, they should ask the British Government that in the Government of India Act which is going to be passed, in the near future, a provision might be made for imposing

[Mr. Hossain Imam.]

Indian income-tax on sterling securities. Sir George Schuster, when this point was raised in the Assembly, took his stand on the fact that it will cause a slight rise in the interest rates of the Government of India. That was what I may call a good camouflage. English income-tax is as high as 5s. in the £, the standard rate, and our highest rate is 2 annas and 3 pies at the moment. Therefore, Sir, it comes to about $\frac{1}{8}$ th, whereas the English standard rate is $\frac{1}{4}$ th. The mutual relief convention is up to half of the rate. Therefore, the relief to be given in our case is $\frac{1}{2}$ of $\frac{1}{4}$ or $\frac{1}{8}$ th. There will be absolutely no additional burden thrown either on the pensioners or on those who hold our Indian sterling securities. At the moment the convention works in a way which is altogether to our disadvantage.

When I read the speech of the Honourable the Finance Secretary in reply to the Resolution moved by the Honourable Sir David Devadoss, I thought he would enlighten us about the advantages which we derive at the moment from the convention of mutual relief. But he gave not a single instance to show that India has benefited up till now by this convention. Whatever good there has been, has probably been in the interests of England and not of India. Another point was made that if we press this motion now when the Reforms Bill is on the legislative anvil of the House of Commons, perhaps they might take away this convention of mutual relief. That, Sir, is a line of argument which no sane person will admit to be sound. The existence or non-existence of a law makes no difference to anybody if nobody derives advantage from it. Satisfaction, if there can be any satisfaction, can only arise from the fact that a law acts to the advantage of some people. As it stands at present, the law has not been of advantage to us, and, therefore, if it remains a dead letter or if it is erased from the English Statute-book, it will be all the same to us. If they take away the Convention, who will stand to lose? Not India. If anybody stands to lose it will be their own nationals who will not get the relief. The power of India to tax will remain and it is not dependent upon the convention of mutual relief. That convention merely gives relief to the particular persons whose income is subject to income-tax, and I am sure, Sir, that England is far more democratic than our own country and it will think twice before it lays down any law which will throw additional burdens on its own nationals. It is not an irresponsible Government like ours, which can with impunity impose burden after burden without minding the result on the public of this country.

Sir, in this connection I should just like to give an estimate of the amount that is likely to accrue to India if Government accepts my Resolution. The General Purposes Committee estimated it at the figure of Rs. 50 lakhs. When Sir David Devadoss estimated the savings accruing from it at Rs. 16 lakhs, Mr. Brayne very kindly pointed out that he was wrong in his estimate and that probably he had lost sight of the fact that Rs. 4 crores are given as military pensions, which, if brought under review, would yield about Rs. 32—34 lakhs. My own estimate is a little higher, because I find that not only have the salaries and pensions of Government servants been exempted, but a further step has been taken in the direction of giving relief after relief, and the leave salaries and allowances paid in the United Kingdom or in the Colonies to officers of local authorities and employees of companies and private employers on leave in the United Kingdom or in such Colonies, have also been exempted with effect from 1926. This is a further step in the direction of enriching the British exchequer at the cost of the poor Indian taxpayer. And this was done in spite of the fact that at that time a supposedly vigilant

body of legislators like the Swarajists were in control in the Assembly. Even they did not spot this effort of the Government to give further relief to the British exchequer.

Sir, I should like to know from the Government whether public utility companies who have got their head offices in England are subject to Indian income-tax or not. For instance the Bengal and North-Western Railway has got its registered office in England but all its income arises in India. We know, Sir, that it is subject to English income-tax but we do not know, and the probability is, that it is not subjected to Indian income-tax. The fact is that the working of the Income-tax Department, not only in India but throughout the British Empire, is secretive. Very little is known about the manner in which it is carried out and how much individuals are assessed. We have no reliable information about the vagaries of this Department. Contrast it with the American system. There you can find out the exact amount of income-tax paid by each and every individual and every company, and it is much easier to safeguard the interests of the taxpayers through a knowledge of who is being exempted or let off scot-free by executive action. I do not advocate the introduction of the American system at the moment in India, because it would be too drastic a change, and perhaps it does not suit a conservative House like ours to suggest so radical a change. But I have mentioned this simply to show how our ignorance is accounted for by the fact that sufficient data is not available to us for finding out how income-tax is levied and from whom.

One word more and I will conclude. The second part of my recommendation merely asks the Government of India to approach the British Government for necessary sanction and if they refuse it we will have no fight with our own Government. The fight will be shifted from the Government of India to the British Government. And here, Sir, I should like to impress on the Members of the Treasury Benches that they must disburden themselves of the idea that they are bound to obey the behests of His Majesty's Government in Great Britain. Although we have not yet been included in the Statute of Westminster, we wish those gentlemen to realize that they serve His Majesty's Government of India, and as such they must keep the interests of the Government of India foremost in their minds and try to do as much good as they can for His Majesty's Government of India. In this connection I would commend to their attention the attitude of former Governments of India, who, while irresponsible to the people of India, were more conscientious in the discharge of their duties for the Government of India than I find the present Government to be. Perhaps because partial responsibility has been transferred to the representatives of the people, who are themselves powerless, they are not so vigilant as they were in former days. If need be I shall give instances of this in further debates on other subjects in this House.

Sir, I move.

THE HONOURABLE MR. VINAYAK VITHAL KALIKAR (Central Provinces : General) : Sir, the amendment that stands in my name runs thus :

"That after the words 'notification exempting salaries' the words 'leave salaries, allowances and pensions' be added."

Sir, in moving this amendment, my intention is simply to widen the scope of the Resolution so ably moved by my Honourable friend Mr. Hossain Imam. He has ably dealt with the question and I think I need not detain the House

[Mr. Vinayak Vithal Kalikar.]

by making further remarks on these points, but I am afraid I shall have to state that Government have no case so far as this Resolution is concerned. If pensioners and other Government servants who draw leave salaries in India are taxed by the Indian Income-tax Department, I fail to see, Sir, why the income or salaries which they draw from the Indian exchequer when they are in England should not be taxed. My Honourable friend Mr. Hossain Imam just now referred to the Resolution moved by Sir David Devadoss last year and the remarks made by the Finance Secretary at the time and he dealt with the question fully. But I submit, Sir, that if the Indian exchequer and the Indian taxpayer pays for salaries and pensions of these officials, it is equitable that these leave salaries and allowances and pensions should also be taxed. Persons living in India who draw leave allowances and salaries are taxed. If that is the case, then persons staying in England should not be exempted from Indian income-tax. Another point is that it will cause no hardship to persons living in England. At the most it will reduce the income of the British exchequer, but it will not cause hardship to individuals living in England, because under section 27 of the Finance Act, 1920, as amended by the Act of 1927, those persons living in England will get relief to the extent to which they will be liable to pay income-tax in India. So, Sir, I should like to say that the invidious distinction that is being maintained at the present time should be avoided and officers living in England or outside England should be taxed. In these hard days, Sir, when practically we have to meet with deficit budgets in all the provinces and not a very cheerful budget in the Government of India every pie is needed for the Indian exchequer. Moreover, Sir, I am afraid I have to make a remark that the Government of India has lowered the taxable income to Rs. 1,000. So poor shop-keepers and other people in India have to pay income-tax even on Rs. 1,000. I do really fail to understand why these officers living in England and who draw income even up to Rs. 10,000 and more should be exempted from paying income-tax. I therefore submit, Sir, that in fairness to the Indian taxpayer as well as to get more money for the Indian exchequer, Government should avoid invidious distinction and should assess to income-tax salaries and pensions of officials living in England as well as outside England.

With these words I move the amendment.

THE HONOURABLE THE PRESIDENT: Amendment to the Resolution moved :

"That after the words 'notification exempting salaries' the words 'leave salaries, allowances and pensions' be added."

As both the original Resolution and the amendment motion are identical discussion will now proceed simultaneously on both these motions.

THE HONOURABLE SIR PHIROZE SETHNA (Bombay: Non-Muhammadan): Sir, I congratulate the Honourable Member on his bringing forward for consideration by this House two very important points which are included in his Resolution. I say, Sir, they are two different matters and for that reason I do hope that when it comes to voting you would put the two parts separately as it may not be possible for us to hold the same opinion on (a) and (b) and particularly so after knowing what views Government hold on these two questions. After having heard the Honourable mover, I must certainly admit that he has made out a strong case so far as part (a) is concerned. Perhaps there was doubt in the minds of some of us whether

any income-tax was paid by Indian retired officers in England on the salaries and pensions they drew from India, but that point has been made perfectly clear by the reply of Government to question No. 43 put by the same Honourable Member on the 20th September, 1932, in which he asked :

“ Does the Secretary of State for India deduct English income-tax from the pensions of Indian retired officers in receipt of sterling pensions ? If the answer is in the affirmative, will Government state if residence outside Great Britain exempts the recipients from English income-tax ” ?

The Honourable Mr. Taylor replied by saying :

“ British income-tax is deducted by the officer who disburses sterling pensions to retired officers who are liable to such tax ”.

Therefore, Sir, it is not a question of imposing any further burden on the officer who draws a salary or pension after retiring in England. The point of difference is between the two Governments, namely, the Home Government and the Indian Government. As has been explained by the Honourable mover, and if his figures are correct, the Indian Government would profit to the extent of half a crore of rupees if the share of India at its rate of income-tax is given to India out of what the British exchequer collects as their income-tax from such individuals. That, Sir, is a perfectly fair proposal and surely the British exchequer will not suffer to any great extent if it meets this demand from India to the tune of half a crore. Half a crore of rupees may not mean much, it is a fleabite to the British exchequer, but in the state of our finances at the present moment or for that matter at any time half a crore of rupees is indeed a very large sum which we cannot afford to throw away. Therefore, Sir, I support the first part of the Resolution.

Coming now to the second part of the Resolution, the Honourable mover says that the British Government might be moved for the necessary sanction and power to impose Indian income-tax on Indian sterling loans. I do not think I can see my way to agree with him on this point. India is not the only country which tries to get loans issued in the London market. There are various other countries. We know that the Argentine, even China and Japan, and also other parts of the Empire like Australia, do get loans issued in England and so far as I know neither the foreign Governments nor any other part of the Empire which gets loans issued in England demand the return to them of any income-tax paid by those who have invested in such loans. To my mind the reason for that is obvious and it is this. These loans are applied for or the greater percentage of them are applied for not by the residents of the country for whose benefit the loan is issued, but by British investors possibly residing in England. Therefore, if British investors were not offered these loans in the London market, they would possibly be investing their funds in purely British securities and they would be paying the full tax to the British exchequer and certainly the British Government have a claim upon the income-tax upon investments made by them. Consequently, Sir, I do not think that it would be a fair proposal to ask Government to do anything in the matter of collecting even a portion of this tax from purely British investors and of course it is not possible to discriminate between investors and investors, whether they are Indian or they are non-Indian investors. That is my reason for opposing the second part of the Resolution. At the present moment, even an Indian investor who invests in rupee sterling loans collects his interest thereon in London and he is at an advantage as compared with the British investor inasmuch as the interest which he collects for a period of three years is not subject to Indian income-tax and not even to British income-tax

[Sir Phiroze Sethna.]

provided he does not draw that money into this country for fully three years. That has been the rule so far but as the Honourable Member himself has pointed out the Honourable the Finance Member during this session has introduced a Bill according to which Indian investors whether they bring out to India the interest they have earned or keep it for three years in England will have to declare the same in their income-tax returns and they will have to pay income tax thereon.

These, Sir, are my reasons for opposing part (b) of the Resolution.

THE HONOURABLE MR. E. MILLER (Bombay Chamber of Commerce) : Sir, I have listened to my Honourable friend the mover and to his supporters but have been unable to find anything in their remarks which to my mind would justify the Government in accepting the Resolution. The measure suggested appears to be aimed mainly at people of my nationality employed in this country, who for short periods during long residence in India go on leave to their native land for a rest and in order to see their families and other relatives. This generally means heavy extra expenditure and to have added to this the additional burden of Indian income-tax on their salaries drawn in England would hit them very hard individually while the result collectively would not have any appreciable effect on the revenues of India. It seems to me at a time when all right-minded people—both Indian and British—are endeavouring to promote good will the time is most inopportune to suggest the introduction of legislation which will impose a fresh hardship on a particular section of the community.

The same thing applies to the second part of the Resolution, for Indian sterling loans are held largely by British companies and banks and it would be most unfair to penalise them in the manner suggested, while it would undoubtedly make the investment less attractive and would therefore restrict support for such loans, as the Honourable Sir Phiroze Sethna has pointed out.

I trust Honourable Members of this House will not give their support to this Resolution which might be described as discriminatory in character and which, Sir, I oppose.

THE HONOURABLE MR. J. B. TAYLOR (Finance Secretary) : Sir, the Honourable mover accused Government of sheltering behind legal technicalities. I hope that I shall be able to rebut what I must call the unfounded allegation that we on these Benches prefer the interest of His Majesty's Government to those of the people of India and that before I sit down I shall have convinced the House that our policy in this respect is dictated by what we consider to be in the permanent true interests of India as a whole. As I said, I do not wish to embark on legal technicalities. Income-tax law is unavoidably complicated but it is very far from correct to assume that we are feebly enmeshed in a web of our devising or that if we had the power our actions would be different from what they are.

In the first place, I would like to make it clear that these notifications embody no new concessions ; in other words nobody who before was paying income-tax was relieved of it as a result of these notifications. The income-tax law in India was amended after the war and in order to clarify various doubtful points these notifications were issued to confirm existing practice.

With these preliminary remarks I turn to the main principles which I conceive to be real points of interest to the House and I shall take the second part of the Resolution first, namely, that Indian income-tax should be imposed on sterling loans. Sir, I looked through the London Stock Exchange Gazette yesterday and though I found hundreds of loans totalling thousand of millions floated in sterling on the London Market by foreign countries, I could not discover a single one in which the borrower attempted to impose an income-tax liability—and for a very obvious reason. Anybody who is going to invest his money in a foreign loan is timid enough because he realises that he has no legal means of redress and if on top of that you add what he will undoubtedly interpret as the power to modify the terms how and when you like, it is quite obvious that you would not be able to borrow a shilling in London. India will have quite enough difficulties under the new constitution in establishing her credit without embarking on dangerous innovations of this character. There are more than £4½ million which have to be repaid within the next three years if India is to borrow at less than 5½ per cent., and I would ask Honourable Members what chance there would be of any of those being converted if a condition of this sort is imposed? The Honourable mover said that that was the English practice. That is incorrect. So far as I know, there are no English loans floated abroad, except the ones floated after the war, and then the British Government did not attempt to impose these conditions. I refer to the war debt to America. Can you imagine what chance the British Government would have had if it had said to America that they intended to charge income-tax and super-tax on these loans? It would make international credit laughably impossible. For these reasons I hope that the House will utterly reject this part of the Resolution. I hope too that they will reject it with a very large majority because the debate in this House will be reported and it is essential for India's credit that any such proposals should be definitely defeated here.

I will now turn to the first part of the Resolution, to the more specious part. Here too essentially the same arguments apply. India at present has to borrow capital abroad. It has also to obtain the services of Englishmen not only in Government service but also in commerce and when a man decides to devote his services to a foreign country he realises that normally it is going to be a long business. It will normally be for the length of his working life and he has to consider not only the wages which are to be paid him in the country—at a time when he may think he will be able to look after himself—but also his leave salary and pension which will be paid him in retirement when he will be out of the country and have no immediate means of making his influence felt. For these reasons, any attempt to alter their position in this respect, particularly now, would probably have disproportionate results in what you would have to pay them. I therefore consider that this House would be very well advised to leave this matter as it stands.

I hope that I have now shown you that as regards the first proposal, that of taxing our external loans, the universal experience of the world is that it would be quite impracticable. We should never be able to borrow anything more in London and as regards the human capital also, of which India still stands in need, the same considerations apply. We all hope that the day will come when India will be able to stand on its own legs, to find all its own capital and supply its own human material. When that day arrives the subject-matter of this Resolution will be of no importance, the answer involved will be negligible. Until it comes I suggest that Honourable Members would be well advised to leave matters as they stand.

[Mr. J. B. Taylor.]

There is one point on which a great deal of stress has been laid and that is that in some simple way this is going to cost nobody anything except the long-suffering British taxpayer because of the provision of double income-tax relief. The idea is that if income-tax is charged by India the British Government will cheerfully hand it back to the Government officer or investor concerned. Sir, I do not wish to go into the ramifications of English income-tax law but I would merely say that we are certainly not prepared to accept that assumption as correct. Double income-tax relief, as all business men know, is a very complicated subject. Also, it is not, so far as I know, embodied definitely in statutory form. It is the subject of convention between various countries, and if the Indian Government embark on what the Honourable Mr. Miller described as predatory legislation, it is quite possible that the British Government themselves might feel free to reconsider their position, in which case the sufferer would be the unfortunate Government servant and the British commercial man. Also, Sir, I consider that this point is really irrelevant. We are discussing the principle. At present it might happen that possibly full relief could be obtained in many cases, but we have to look to the future, once this principle is admitted. The Indian Government can increase or modify its income-tax charges as it pleases. It might modify them in such a way, and future British Governments may modify their charges in such a way that it might be impossible to obtain double income-tax relief, in which case again, it will be the individual who will suffer.

For these reasons, Sir, I hope that the House will reject this motion.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA (United Provinces Central : Non-Muhammadan) : Sir, I rise to support the Resolution moved by the Honourable Mr. Hossain Imam as amended by the Honourable Mr. Kalikar. As has been pointed out by one of the supporters on these Benches, the Resolution is divided into two parts, and I fail to see the opposition to part (a) though I admit that part (b) is the weaker portion of the Resolution. In opposing the Resolution, the Honourable Mr. Miller has said that the advantage to the Indian exchequer will not be appreciable. It has been pointed out that the saving to the exchequer will come to about half a crore of rupees if this Resolution is adopted. I think that during the present financial stringency, half a crore of rupees is not a sum which should be disposed of in this manner. The Honourable Mr. Taylor in opposing the Resolution has said that if this Resolution is adopted, persons coming for the service of this country will think twice before coming. They will consider that they will not have as many advantages as they used to have so far as pensions and allowances are concerned when they retire. Sir, I would submit that they have already got so many other advantages over Indians who are in service here that they will think little of paying income-tax. They have got overseas allowances and all the concessions recommended by the Lee Commission, and over and above all this, they get the highest pay that any country in the world gives to its servants, and I am of opinion that it is sufficient charm to attract them for service in this country. I therefore consider that it is not a very good argument with which to refute the arguments put forward by the mover of the Resolution, and I extend my whole-hearted support to part (a) of the Resolution.

THE HONOURABLE MR. HOSSAIN IMAM : Sir, I was rather surprised by the strong attitude which the Honourable Mr. Taylor took on this question. I can assure him that he will get a majority in this House, but that would be no

reason for thinking that his case has been perfectly well established. He said that Government have not shifted their position. I would like to refer him to the speech which the Honourable Mr. Brayne made in reply to Sir David Devadoss' Resolution which is reported on page 234, Volume I, 1932—I am not going to read it—in which section 96B and section 65 of the Government of India Act were cited as standing in our way and legal technicalities were taken advantage of. When a similar motion was moved in the Assembly during the general discussion of the emergency budget, the same attitude which the Honourable Mr. Miller has taken up today was taken by the Honourable the Finance Member. But that was given up the second time, because it was clearly shown that there was no hardship on anybody. The troubles of the poor British taxpayer were brought in, as if in the enormous amount of £800 million, £368,000 count for anything. That is the exact proportion. It is less than even one per cent. of the income of England. But that is brought in as an argument that although it may be unjust, yet we should be chivalrous enough to let it go by.

Sir, he has said that incomes derived from outside Great Britain are not subject to English income-tax. I would like to quote from Saunders' Income-tax and Super-tax, page 48, in which it is said :

“Tax under this Schedule shall be charged in respect of the annual profits or gains arising or accruing to any person, whether a British subject or not, although not resident in the United Kingdom, from any property whatever in the United Kingdom, or from any trade, profession, employment or vocation exercised within the United Kingdom ?

He further said that there was no statutory basis for mutual relief. I would refer him to section 27 of the Finance Act of England, 1920, which

“gives an allowance for income that has borne both United Kingdom income-tax and income-tax in any British possession or territory under Crown protection or for which a mandate is being exercised by the Government of any part of His Majesty's dominions. The relief is :

- (a) The full Dominion tax if the Dominion rate does not exceed half of the ‘appropriate rate of the United Kingdom tax’
- (b) In other cases, half of the ‘appropriate rate’.”

There is here a statutory definition for the mutual relief. There is the English precedent that incomes derived from outside are subject to English income-tax, and in the face of that, the Government are still sticking to it. Not a word has been said—I was anxiously expecting the Honourable the Finance Secretary to say something about the necessity of maintaining this notification. If we are circumscribed by the Government of India Act, I do not think Government can publish notification after notification, knowing that this Act did not apply. Have the Government published any notification to exempt salaries drawn by ex-servants who are drawing pay from England ? Because it does not arise, you made no notification of that sort. But a notification is made expressly to exempt a right which is now exercised by India and from which Government wishes to exempt from its own sweet will. I would not protest if the Government were to make this move and if the Government of England were to reject it. That will be a straight fight between the people of India and the Government of Great Britain. What I take exception to is that people who are drawing their salaries from Indian India should take up the cudgel for England. In England there are a sufficient number of people who can defend themselves. It is not necessary that our officials should take up a chivalrous attitude and safeguard the

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[Mr. Hossain Imam.]

interests of England. It is that to which I objected before and to which I object again. Mr. Miller seems to be labouring under the old misconception that it will cause a hardship. The convention of mutual relief is perfectly clear on this point and if need be it could be made a little more clear. At the moment our income-tax rate is not higher than half the English standard rate and therefore there would not be any hardship to speak of. The highest pensions drawn by retired servants of Government do not exceed Rs. 20,000 per annum, and on those the income-tax will be less than the highest Indian income-tax rate. Therefore there will be absolutely no hardship. And if there is a hardship, we would be perfectly willing to authorise Government to charge from them not more than the half rate, as they can do even now under the mutual relief convention. Under that convention they can give relief up to half the rate of Indian income-tax if English income-tax deducted on their income is more than double the Indian income-tax.

THE HONOURABLE SIR PHIROZE SETHNA : Mr. Miller wants relief for those who go on leave.

THE HONOURABLE MR. HOSSAIN IMAM : Most of our Government servants do not go on short leave, with the exception of Governors and Members of Executive Councils and people of that kind who are enabled to take four months leave under the new rules. No one goes for a short period.

THE HONOURABLE SIR PHIROZE SETHNA : Six months, the great majority.

THE HONOURABLE MR. HOSSAIN IMAM : The great majority go for more than six months and they are liable to English income-tax and there would be no hardship on them. I think the pockets of our Governors and gentlemen of that kind are sufficiently deep to allow of a small dip into them by the Finance Department. They would not feel it. We are very glad to see three Members of the Viceroy's Executive Council on our Benches today, and I think they will not mind even if a slight—

THE HONOURABLE THE PRESIDENT : Order, order. The Honourable Member must not make such personal observations.

THE HONOURABLE MR. HOSSAIN IMAM : As regards that part of my Resolution relating to the levy of income-tax on the interest on sterling loans, I have made my point perfectly clear. I do not wish to tie the hands of Government. I want that Government should ask the British Government for necessary powers, and if those powers are refused then no blame will attach to the Government of India. My point is "What is the legal difficulty?" They will simply be recommending to the British Government that such and such a change should be made in the future constitution, and if the British Government thinks there are difficulties and it is impractical, it will be open to them to reject it. But no reason exists and Government have shown no justification for not even moving the British Government. Whether the case will succeed or not is not the question. I admit that the Government of India is not competent at the moment to impose income-tax in the interest of sterling loans. But is that any reason why in the future that should act as a bar, or why the Government of India should refuse to co-operate with its own people

in this effort to increase its income? If the first part of my Resolution is accepted, Sir, it will mean an additional income of not less than half a crore, and it will mean something like a five per cent. relief to income-tax payers if that additional income was credited to the Indian exchequer. We are all anxious to see the income-tax reduced, and if we do not co-operate and try to fill the Government's coffers there is very little chance of getting any substantial relief even next year from the excessive burden of income-tax.

Sir, I had thought that the word "salaries" in my Resolution would cover all payments, but, as has been pointed out by my Honourable friend Mr. Kalikar, that is not enough and he has suggested the substitution of "leave salaries, allowances and pensions". I am quite ready to accept that amendment. In view also of the suggestion made by Sir Phiroze Sethna that this Resolution might be put in two parts, because some people might be prepared to accept one part and not the other, I would request you, Sir, to put the Resolution to the House in two parts.

THE HONOURABLE MR. J. B. TAYLOR : I would like to rise to a point of personal explanation. I am afraid that I may have conveyed a somewhat misleading impression when I said that double income-tax relief was not on a statutory basis but was the subject of a convention. What I meant was that this relief is not an intrinsic part of the English income-tax law but is embodied in the Statute as a result of a convention with the various Dominions.

THE HONOURABLE THE PRESIDENT : Resolution moved :

"That this Council recommends to the Governor General in Council (a) to withdraw the notification exempting salaries drawn in British possessions outside India from Indian income-tax, (b) to move the British Government for the necessary sanction and power to impose Indian income-tax on Indian sterling loans".

To which an amendment has been moved :

"That after the words : 'notification exempting salaries' the words 'leave salaries, allowances and pensions' be added."

The question is :

"That that amendment be adopted."

The motion was negatived.

THE HONOURABLE THE PRESIDENT : I will now put the original Resolution to the Council. As the Resolution involves two separate and distinct matters, under the discretion vested in me by Standing Order 67 I will divide it into two parts and put them separately.

Resolution moved :

"This Council recommends to the Governor General in Council to withdraw the notification exempting salaries drawn in British possessions outside India from Indian income-tax."

The question is :

"That that Resolution be adopted."

The Council divided :

AYES—16.

Banerjee, The Honourable Mr. Jagadish Chandra.	Khaparde, The Honourable Mr. G. S.
Buta Singh, The Honourable Sardar.	Mehrotra, The Honourable Rai Bahadur Lala Mathura Prasad.
Dutt, The Honourable Rai Bahadur Promode Chandra.	Moti Chand, The Honourable Raja Sir.
Gounder, The Honourable Mr. V. C. Veilingir.	Naidu, The Honourable Mr. Y. Ranganayakalu.
Halim, The Honourable Khan Bahadur Hafiz Muhammad.	Natesan, The Honourable Mr. G. A.
Hossain Imam, The Honourable Mr.	Raghunandan Prasad Singh, The Honourable Raja.
Jagdish Prasad, The Honourable Rai Bahadur Lala.	Ram Saran Das, The Honourable Rai Bahadur Lala.
Kaliker, The Honourable Mr. Vinayak Vithal.	Sethna, The Honourable Sir Phiroze.

NOES—26.

Akbar Khan, The Honourable Major Nawab Sir Mahomed.	Israr Hasan Khan, The Honourable Khan Bahadur Sir Muhammad.
Bartley, The Honourable Mr. J.	Johnson, The Honourable Mr. J. N. G.
Benthall, The Honourable Sir Edward.	Maqbul Husain, The Honourable Khan Bahadur Sheikh.
Chetti, The Honourable Diwan Bahadur G. Narayanaswami.	Mohr Shah, The Honourable Nawab Sahibzada Sir Sayad Mohamad.
Choksy, The Honourable Khan Bahadur Dr. Sir Nasarvanji.	Miller, The Honourable Mr. E.
Coburn, The Honourable Mr. M. R.	Murphy, The Honourable Mr. P. W.
Commander-in-Chief, His Excellency the.	Noon, The Honourable Nawab Malik Mohammad Hayat Khan.
Cottorell, The Honourable Mr. C. B.	Padshah Sahib Bahadur, The Honourable Saiyed Mohamed.
Fazl-i-Husain, The Honourable Khan Bahadur Mian Sir.	Russell, The Honourable Sir Guthrie.
Ghosal, The Honourable Mr. Jyotsnanath.	Shillidy, The Honourable Mr. J. A.
Habibullah, The Honourable Nawab Khwaja.	Suhrawardy, The Honourable Mr. Mahmood.
Hafeez, The Honourable Khan Bahadur Syed Abdul.	Taylor, The Honourable Mr. J. B.
Hallett, The Honourable Mr. M. G.	Watson, The Honourable Sir Charles.

The motion was negatived.

THE HONOURABLE THE PRESIDENT: The question then is:

“ That the following Resolution be adopted :

‘ This Council recommends to the Governor General in Council to move the British Government for the necessary sanction and power to impose Indian income-tax on Indian sterling loans ’.”

The motion was negatived.

**RESOLUTION *RE* GRANT OF A LUMP SUM GRATUITY TO
FAMILIES OF NON-GAZETTED GOVERNMENT SERVANTS
WHO DIE WHILE IN SERVICE.**

THE HONOURABLE MR. G. S. KHAPARDE (Berar Representative) : Sir, the Resolution which I wish to move reads as follows :

"This Council recommends to the Governor General in Council that so long as a system of provident fund has not been introduced in the case of non-gazetted Government employees, the Civil Service Regulations be so amended as to permit, in case of demise of such non-gazetted Government employees while in service, grant to their families by way of gratuity of a lump sum on the basis of one month's pay for every completed year of service put in by the deceased employee."

Sir, this is an old subject, as Honourable Members of the Council probably remember, which has been before us from 1924 to the present day and it has been variously argued and variously discussed. Fortunately for me today it is not necessary to go through the history of this Resolution. The Resolutions that were discussed on those occasions implied and embraced a large field about the well-being of the non-gazetted Government servants and their pay and so on. Now it is nothing of the kind. I should like Honourable Members who remember anything about the previous discussion to forget it altogether and take this as a new subject coming in very, very narrow limits indeed. It had been suspected up to this time that in moving these Resolutions I was endeavouring to better the condition of those people, to give them more emoluments and so on. At any rate in the present branch of the subject which I argue no such prejudice should exist, for the simple reason that I am arguing not for the person serving but for the people who would get something if the man dies. Obviously my endeavour is not to increase the income of the dying man, but to provide for those poor people who are left behind after their bread-winner has been in Government service for a long time and has died without earning his pension, just as it happened in the case of our jamadar in the Legislative Assembly who served for nearly 30 years and died on the last day of his service. His children and others were thrown on the streets; they could get nothing. After the poor man had served for 30 years, his children had to starve. This was an extreme case I admit, but I can quote many other cases of this kind. I do not mean to go into those cases at present. What I ask is that if a man has served Government and he dies during service, then his children or widow, as the case may be, should get a lump sum on the basis of one month's pay for every completed year of service, that is to say, if a man has served for 15 years then when he dies without earning his pension his children or widow as the case may be should get 15 months' pay. Now, this claim was supposed to be a little novel in earlier days; now I suppose it has become fairly familiar and Honourable gentlemen remember it now. It is what we should ordinarily call death benefit, which is a bad term and sticks in my mouth. I do not like it. It may be called a compassionate allowance. The Indian name, both in Hindu and Muhammadan times, was *rand roti*, widow's mite or bread for the widow. And when people in service died then those rajas or badshahs or whatever they were had an opening in their accounts for the servants who had died in service. That provision has disappeared during recent times and at present, as I pointed out, there are numerous cases where people have served for 19 years and died and their children have got absolutely nothing. Had these people lived for ten years more they would have got Rs. 200 a month. So this is a hardship, a very severe hardship. To

[Mr. G. S. Khaparde.]

remedy this my present proposition has been brought. The whole meaning of it is that if a man serves Government for 15 or 10 or 5 years, he should get so many months' pay. After Government has got one month's pay for every year's service already put away. So that I think this is very reasonable both from my point of view and the poor man's point of view. In the State Railways now a man contributes something every month to the provident fund, say one rupee or one per cent. of his pay, and Government contributes a similar amount and the total contribution is invested and bears 5 or 6 per cent. interest and the man gets the whole amount. It has been said that it is a very liberal provision and Government must have been in a very complacent mood when they passed all this. Very likely. Now they say this thing has passed out of their hands, and they cannot afford to give an equivalent benefit. They say they have not got the money. Well, when this argument comes in I generally disagree for this reason that if the times are very bad and Government get very little from their taxes, the times are equally bad for the poor people who get very few commodities for the very little they get. So the hardship presses all round. If anything the advantage is on the Government side because their credit is unlimited and they can command any amount in money, whereas these poor men have hardly any credit at all. They have nothing to mortgage and nothing to give up and all they can do is to promise their service and that service is not wanted.

Then there is another reason why this argument about bad times does not appeal to me, and that is that there is never any good times at all. Government always raises this cry that they have not got enough money to carry on their administration. And whenever you go to them they say there is no budget provision for this. So whatever time you approach Government, Government is always short of money. The richest man is the poorest man in the world. Government as the richest person or persons is very stingy as a rule. It is the poor man who is rather free with his money. The historical reason is this that rajas and badshahs had a budget of their own but that budget was framed on the family system. The whole country was looked upon as one family. The raja was the chief owner. Usually this government revenue was paid in kind and therefore in every district you had an *ambar* (grain store) where all the corn was stored. So in years of difficulty you went to this place and the stores of corn were distributed gratis. But that is not so now and probably cannot be because we are now more commercial than we used to be and empires also have grown unwieldy and this system probably does not suit or would not be right. But all the same the principles need not change. One should not look at it from the present day commercial point of view. Still the whole empire should be looked upon as one family and the poor people in the family and their children and the women must be looked after better than and before anybody else. A stronger or abler man should be under an obligation to work more in order to provide for the weak. That is a principle that has been the custom. That custom has gone on up to this time and this claim I make on behalf of the widows and children of the Government servants who die in service is based both upon that custom, upon charity and good will. And lastly, it is based upon what I call an implied contract in law. Now, what is an implied contract? There are papers I can show you that pension is regarded as deferred pay: pay not paid at the time but to be paid after the retirement or death of the man. If that is so, then the real pay of the man was not the rupees, annas and pies that he got but that plus something which in 30 years' time would have ripened to constitute a pension for him

If you look at it, the implication of it was that if you paid a man Rs. 10 a month his pay was not Rs. 10 but Rs. 10 plus that fraction, that something which will go on in 30 years' time to give him a pension of Rs. 5. So the implied pay was the pay which Government out of their kindness and charity gave to him but was implied and that implied pay was to be paid after the man retired after 30 years. That pay, I say, remains as a trust with Government, and they have no right to confiscate it. I hope I have made this little legal argument clear. The pay was Rs. 30 on the implied understanding or perfectly understood rule that if he served 30 years he would get Rs. 15 a month as pension out of it. So his pay was not Rs. 30 only but in addition to that something which in 30 years would accumulate and give the man a pension of Rs. 15 a month. So this money which ultimately in 30 years leads to giving him that small portion of his pay was up to this time entrusted to Government. When the poor man dies, it is the duty of Government to render back all the money they have got on his account. So whichever way you take it, on the basis of charity, or on the basis of good will, or on the basis of an implied contract I submit that he is entitled to it. This then is the principle and this the ground on which this can be urged. There are many grounds which I could put forward and I have already done so on former occasions. I shall not now repeat them. But this is the main argument that this is a great empire, an empire on which the sun never sets, and therefore it is this empire's duty to provide for the orphans of their sons, and not a very large sum after all, for one year's service you give him one month's pay. It is nothing very big. It is like looking on a man's sudden death as privilege leave given to him for as many months as the number of years which he served. There is nothing new, nothing serious, nothing expensive in it. My argument is based entirely on this custom, on this implied understanding, on the smallness of the payment which has to be made and the good will and charity which it involves. If you do not give it, the poor man's children will go about begging and to that extent people will feel angry, and to that extent bad feeling will be created. It never pays for an emperor to create bad feeling if he can help it.

For these reasons I commend my Resolution to this Honourable House.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras : Non-Muhammadan) : Sir, I have very great pleasure in supporting the Resolution moved by my esteemed and revered friend Mr. Khaparde. As he has told us, Sir, it is as old as he himself. I think he has been labouring on this question of providing a provident fund for the non-gazetted employees of Government for a long time. If I remember aright, there were two Resolutions moved in 1931 and 1932, and the previous Finance Secretary undertook to examine the question and do something in the matter. But nothing has come out so far as the introduction of the provident fund is concerned, and in the absence of this, the Honourable mover feels that something must be done to the unfortunate widows of those who serve and die in the midst of their official duties. Sir, it seems to me a very reasonable request and I am sure the Government, who have already expressed their sympathy, will put it into action by accepting the motion and giving to these unfortunate widows and children one month's pay for each year of the total service that the Government servant has rendered. I am sure the Government will see their way to accept this Resolution and work up the idea of giving relief to these unfortunate widows and children. I have very great pleasure in supporting this Resolution.

THE HONOURABLE SIE PHIROZE SETHNA (Bombay : Non-Muhammadan) : Sir, my Honourable friend Mr. Khaparde has made this subject his close preserve, and I am sure that if Government accede to his request

[Sir Phiroze Sethna.]

in the form in which it is made or in some revised form, he will richly earn the gratitude of the non-gazetted Government servants. I would, however, like to make one or two observations in regard to this Resolution. Mr. Khaparde contemplates the cases of those who die in service, but it may be, Sir, that somebody may die within a very few months of his having earned his pension, and the same description would apply to the widows and children of such people as he gave in regard to those who actually die in service. I would therefore like to make a suggestion to Government if they consider this proposal favourably. The mover says that a gratuity of a lump sum on the basis of one month's pay for every completed year of service put in by the deceased employee be given to the widow and children, and he frequently quoted the case of men who may have served for as long as 30 years. In these days, giving a gratuity equal to 30 months' pay will indeed be a very large sum, and I know that where gratuities are paid by other large organisations they limit it to a sum which would equal the pay for 12 or 15 months. I would therefore suggest to Government that if they favour the proposition, the gratuity be limited to an amount equal to 12 or 15 months' pay. I will go further and say that if any one dies before receiving pension for 15 months, the widow and children of such deceased person should get the difference between the full 15 months' gratuity and what pension he may have drawn.

THE HONOURABLE KHAN BAHADUR DR. SIR NASARVANJI CHOKSY (Bombay : Nominated Non-Official) : Sir, the sympathy of this House must naturally go to the widows and orphans of men who had rendered good service and whose family were left stranded. It is of course a financial question. If the principle is, however, once admitted that this is a question deserving of some consideration—it is immaterial whether the allowance should be 15 months' salary or 20 months' salary according to the length of service of an equal number of years. It must certainly be admitted that the wives and children of those people who serve faithfully should not be left unprotected. This House will no doubt agree to the proposition that Government should be requested to adopt the principle of giving such compassionate allowance. The provident fund is altogether a different question, as it would entail a very great deal of outlay. In this instance, however, Government are not likely to be put to any extraordinary cost, and they have only to consider how far the families of these men should be provided for as suggested by the Honourable the mover or by any other method.

THE HONOURABLE MR. J. B. TAYLOR (Finance Secretary) : Sir, I feel much sympathy with the Honourable Mr. Khaparde both as regards the subject-matter of his Resolution and the persistence with which he has advocated it in fair weather and foul for the last nine years. I also sympathise with him in what he and probably other Members of the House consider the rather dilatory action of Government in the matter. On many occasions he has withdrawn his Resolution on promise of an early settlement, and time and again he has been told that the matter is still under consideration. Last year, on the 3rd of March, he brought forward a Resolution in almost identical terms with that which he is now submitting, and the Honourable Mr. Brayne then informed him that a decision had already been arrived at as to the general form which the relief should take but that the scheme was being referred to the provinces. The scheme that the Honourable Mr. Brayne was then referring to was one based on the British Superannuation Act of 1909 which Members of this House will remember in previous discussions as an Act often mentioned.

Unfortunately, that Act did not, as has been thought by many Members of this House, give gratuitous relief. It provided a very different thing. It gave the individual Government servant the option of exchanging a part of his pension for an insurance so as to provide a lump sum for his family in the event of his premature death. The pensionary rights were reduced by about 25 per cent. That was the scheme which with various actuarial calculations made to adapt it to Indian conditions, we referred to the provinces last summer. Unfortunately, there are not many statistics about this class of Government servants, but the Government Actuary calculated that whereas 25 per cent. was adequate in England, in India owing to the different conditions of life, the Government servant would have to be asked to forego some 30 per cent. of his pension in order to secure one year's full pay for his family in the event of his death. What Mr. Khaparde is proposing now is a different thing. It is that these benefits should be given gratuitously, and before considering that, we must consider the cost. At the time when the Honourable Mr. Brayne spoke last year,—I find on reading the debate that he was checked by the Honourable Mr. Natesan on the ground that his figures were not accurate. I am afraid that our figures are still very approximate, but we have had further calculations made by the Government Actuary and it now appears that the cost of this benefit would represent approximately 1·35 per cent. of the total pay bill of the non-gazetted establishment; that is to say, an annual charge of approximately Rs. 16 lakhs to the Central Government. As it would in practice be very difficult to confine this boon to non-gazetted officers only, we might quite well have to provide a further Rs. 2 or 3 lakhs for Government servants of slightly higher grades who also have no family pension funds. It is also calculated that with the growth of increments this annual payment might be increased by another lakh or two. In these calculations I have not taken into consideration the possibility of retrospective effect, but it is quite clear that actuarially we would have to provide at once for people for whom we should have made provision in the past.

But that is not all. The great bulk of Government servants of this class who would come within the scheme are not employed by the Central Government but by the Provincial Governments, and it would in practice be quite impossible for the Central Government to adopt one line and the provinces another. It would be impossible for the village postman to be in receipt of one class of benefits while the tehsil peon and the village constable were not. On this basis we have calculated that the cost to the Provincial Governments would be more than Rs. 50 lakhs a year.

Even though he had not these figures before him, the Honourable Mr. Brayne pointed out clearly to this House that it was quite impossible in view of the financial stringency to make any such concessions and that all we were considering was a proposition on the lines of the English Act of 1909. This was the proposition which we referred to Local Governments last summer and the Local Governments for financial reasons refused to look at it. They pointed out that the Government servants would refuse to accept it unless it could be made much more financially attractive to them.

That is the root of our difficulty. When a man is considering whether he should go into Government service or undertake some other form of employment, he looks at the conditions as a whole. He realizes that if his conduct is satisfactory he is likely to remain in Government service all his life. He therefore considers the inducements which we are prepared to offer in the matter of pay, leave and pension. It is one question whether he will press for an addition to his total emoluments to meet some other necessity

[Mr. J. B. Taylor.]

such as the risk of his premature death, and it is quite another whether he will be prepared to sacrifice some of his existing rights in order to obtain this new benefit. In the last seven years Government have prepared scheme after scheme so as to enable their low paid servants to make this exchange and have been prepared to offer some small financial inducement so as to cover possible anomalies in individual cases; but Government servants have flatly refused to accept it. What they want is something in addition, not in substitution.

What in such circumstances could Government do? We were faced with steadily falling prices which in the last two years have assumed catastrophic dimensions. The imposition of any additional burden on Government was therefore increasingly difficult to justify, and as the fall in prices has been heaviest in the case of agricultural commodities and raw produce and foodstuffs on which the lower paid Government servants spend a proportionately larger share of their income than those who are more highly paid, it was clear that from year to year the position of this class of Government servants was improving. I do not wish it to be thought that I consider this class of man overpaid. The scales of pay of such men in India are very low compared with those in other countries, and it is the hope of everybody that over a series of years, as financial conditions permit, there will be a gradual improvement. But we have to look facts in the face and recognise that these men are at present much better off than they were four or five years ago and that they are very much better off than the cultivator the price of whose produce has fallen in many cases by more than 50 per cent. in the meantime. The Government servants concerned are less than one in a thousand of the population. Anything that raises the real wages of the people as a whole is to be welcomed, but is it desirable still further to increase the disparity between the real wages of Government servants and those outside? In other words, can we justify the imposition of a fresh burden of over Rs. 70 lakhs to increase the emoluments of these men who are in the enjoyment of fixed rates of pay?

And even that is not all. Last year when the 10 per cent. cut was imposed, lower paid Government servants, that is to say, men on Rs. 40 or less were in general exempted from the cut. In addition, those whose total emoluments are less than Rs. 1,000 a year, that is to say, those whose monthly pay is approximately Rs. 80 or less, have benefited to the full extent by the recent restoration of 5 per cent., because others have now to pay income-tax from which they were previously exempted so long as their emoluments were below Rs. 2,000. In other words, by the recent restoration of 5 per cent. of the cut we have given these men more than the cost of the present proposal. We have not had much sign that they would prefer to take those benefits instead of the restoration.

The present position is therefore that in the existing conditions of financial stringency and in view of the unanimous opinion of the provinces, we have dropped the scheme which Mr. Brayne said last year was under consideration. But again, let me make it quite clear that that scheme was to substitute one right for another and that we have not dropped the matter entirely. We recognize that it is desirable that provision should be made for the dependents of Government servants in the event of premature death, and we are now considering whether there should be compulsory insurance or compulsory subscription to the general provident fund in the case of new entrants.

In any case it is incorrect to say that we do nothing for these people. I do not know whether this House is familiar with the very favourable conditions

on which the postal insurance fund is open to Government servants for insurance. For a sum of little less than Rs. 2½ a month, a Government servant of the age of 25 can insure himself for Rs. 1,000, payable at death or at the age of 55. That is to say, a Government servant on a pay of Rs. 50 can take out an insurance for Rs. 1,000 with the money which has just been given back to him. I do not wish however to hold out any false hopes. At a time when the scales of pay are admittedly high and when we are conducting an urgent inquiry with a view to their reduction, though naturally that reduction will be lower in the lower grades than in the higher, it would be impossible for us to consider any increase in the pay of any wide class of Government servant which will put them in a better position than they were four or five years ago. We are definitely of opinion that it would not be fair to the taxpayer nor to his fellow-worker in other walks of life who will have to pay in the long run for this benefit. We are therefore examining a variant of the same old conundrum, whether Government servants wish their total emoluments to be revised so as to substitute one type of benefit for another, and in view of the past history of the case I am doubtful whether any such proposal will be acceptable. It is of course impossible to make any compulsory change in the case of men who are at present in service, and our experience has been that they are so suspicious of any change that any acceptable proposition would throw an impossible burden on Government finances. Whether we should make it compulsory for new entrants is a very different matter and that is the aspect of the problem on which we are now concentrating. In any case it is obviously impossible for me to commit Government to any such proposition until the matter has been fully examined both by Local Governments and the representatives of Government servants.

I do not know whether this will be satisfactory to the Honourable Member. I hope it will. His long crusade in favour of these lower paid Government servants has not been without result. It has resulted in the collection of actuarial data about their expectation of life and has put us in a position to formulate a much more definite estimate of what it would cost us and what it would cost the Government servants concerned to change one form of benefit for another. It has also I think resulted in a somewhat changed attitude of Government, and I hope other employers of labour, to their low paid servants. We realize that our responsibility does not end with the payment of the monthly wage bill, and though we cannot contemplate any proposal which would throw an additional burden on the taxpayer, we do hope that as a result of the investigations and consultations of the last few years we can arrive at a solution of this complicated subject which will be fair both to the taxpayer and at the same time will secure adequate provision for the families of Government servants who die prematurely.

THE HONOURABLE MR. G. A. NATESAN (Madras: Nominated Non-Official): Sir, I must confess that whenever a Member of Government happens to get up after a Resolution is moved, on which warm speeches are made, and begins by saying "I feel much sympathy", the invariable result has always been that he has opposed the Resolution in some form or other and given a number of reasons which I dare say are good but which I have not always appreciated. Having regard to the history of this question, I certainly expected after the very interesting speech with which he entertained us and having regard to the investigations and researches which Government officials from time to time have been making, that something would be disclosed as to Government's intention to do something or other immediately, and I am really surprised that absolutely no hope is held out. May I point out to the

[Mr. G. A. Natesan.]

Honourable Mr. Taylor that there are other public organisations in the country, for instance, corporations and public bodies like the senate and others, where they have tackled this question in a spirit of common humanity? Where there is no provision for pension, and where there is no provision even for a provident fund, a rule somewhat on the lines suggested by my Honourable friend, Sir Phiroze Sethna, has been adopted and a sum equivalent to a month's pay for every year of service is given, provided of course the sum does not exceed a certain maximum figure, say, two years' pay. I really thought that with all the difficulties, financial and otherwise, which the Honourable representative of Government has told us today, it will be possible for Government to give some relief to those who are already in service. Let me point out to him that it is not a question of uncommon occurrence; in fact it very often happens that almost a neighbour or some man not far away from you is suddenly informed that a certain man in Government service,—a non-gazetted officer and sometimes a peon or a clerk—has died suddenly after 20 years' or even 25 years' service, that he has had no pension and no provident fund, and his people have been thrown on the streets. Believe me, I know cases where money has been begged for performing funeral rites. In the case of the private employer it is a common act of humanity to give a few rupees immediately. Even that is denied where the employee is in Government service. I am not at all satisfied with the way in which Government have tackled this problem, and what is the consolation to thousands of people who are non-gazetted officers when you tell them, or ask me and others to go and explain to the man in the street, that Government is now considering a very suitable scheme for future entrants? The relief is required for those already in service and who have a claim on the Government for this relief. I am deeply disappointed with the answer of the Government and I hope we have not heard the last of this very unfortunate affair.

THE HONOURABLE SIR EDWARD BENTHALL (Bengal Chamber of Commerce): Sir, I was naturally very much moved by the words of the Honourable mover of this Resolution and by the words of those who supported him and also of Mr. Natesan, but I must confess that in this matter we have to balance the head against the heart. The heart obviously speaks in favour of these poor people whom we all want to help, but I cannot reconcile myself to support this Resolution just at the present time, because I cannot see how we are going to get Rs. 16 lakhs at the centre and Rs. 50 lakhs in the provinces. Coming from Bengal, where we have a huge deficit already, I cannot support any Resolution which will tend to put a further charge upon that province. In the circumstances I do hope that the Honourable Mr. Khaparde will not press this Resolution. It is clear that this House is entirely in favour of it and that if he brings this up again in the near future he will again have the sense of the House with him.

THE HONOURABLE MR. G. A. NATESAN: May the Honourable Mr. Khaparde live long!

THE HONOURABLE SIR EDWARD BENTHALL: The sense of the House is in favour of that too. I therefore hope that he will withdraw this Resolution and that Government will give early and most serious attention to some definite proposition to be placed before this House.

THE HONOURABLE MR. G. S. KHAPARDE : I am not permitted to make a speech, I suppose. I will only say this—

THE HONOURABLE THE PRESIDENT : The Honourable Member is entitled to make a speech.

THE HONOURABLE MR. G. S. KHAPARDE : My position is very unfortunate. I do feel that Government is doing something but they are very tardy ; they take a long time and the necessities of the poor people for whom I speak are of a very urgent nature and I still feel that Government have not come to a particular conclusion and my poor people have come to the conclusion that they have got two alternatives, either to starve or die. In view of the fact that the matter is still under consideration and next year something better will be offered, I am willing to withdraw the Resolution if the Council will permit me.

The Resolution was, by leave of the Council, withdrawn.

RESOLUTION *RE* PREFERENCE TO INDIAN STEAMSHIP COMPANIES FOR THE CARRIAGE OF MAILS ON THE COAST.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern : Non-Muhammadan) : Mr. President, I beg to move the following Resolution :

“ This Council recommends to the Governor General in Council that as a step towards the development of an Indian mercantile marine he should give preference to Indian steamship companies at the time of making future agreements for the conveyance of mails on the coast.”

Sir, it is an accepted policy of the Government of India to develop an Indian mercantile marine by providing for an adequate participation of Indian shipping in the coastal and overseas trade of India. But the Government have not yet taken sufficient steps to give effect adequately to their declared policy. All that the Government have so far done in this direction is that the Training Ship “ Dufferin ” has been established at Bombay for the training of deck officers and scholarships have been granted to nine Indian boys tenable in the United Kingdom for training in marine engineering and that the question of providing facilities for such training in India is under the consideration of Government. Now, Sir, an enquiry committee was appointed by the Government themselves, known as the Mercantile Marine Committee, which I understand included among its members two well known British authorities on the shipping industry, and this committee recommended as long ago as 1924 that protection to the Indian shipping industry should take the form of the reservation of the Indian coasting trade for ships, the ownership and controlling interests in which are predominantly Indian ; but the Government have not yet seen their way to accept the recommendations made by that Committee. Indian public opinion has been demanding the protection of Indian shipping, but the Government have been all along ignoring this demand. In 1928 when Mr. Haji brought forward in the Legislative Assembly his Reservation of Coastal Traffic Bill, which I understand was drafted on the lines of the Mercantile Marine Committee's recommendations, it was opposed by the Government. Then, Dr. Zia-ud-Din Ahmad's Resolution of September last that the Government should fix the minimum rate for the passenger-carrying trade by sea between the coastal ports of India was also opposed by

[Rai Bahadur Lala Jagdish Prasad.]

the Government. The result of this policy of the Government has been that there is an unfair competition by foreign shipping companies, which by means of rate wars, deferred rebates and other methods are managing to strangle Indian enterprise. Only the other day my Honourable friend Rai Bahadur Lala Ram Saran Das asked in this House whether the Government had decided to put an end to the rate war that was going on between the indigenous and foreign shipping companies, and if not when a decision was likely to be reached. And the Honourable Mr. Drake replied that the matter was still under the consideration of Government and that it was not possible to say when a decision would be reached. Upon this the Rai Bahadur Sahib asked :

"How long will it take Government to come to a decision ? Will they wait until the present indigenous companies are forced to go into liquidation ?"

And the answer was :

"I have already said that I am afraid it is not possible yet to say when a decision will be reached".

Here the matter ends and the rate wars can continue. In his speech at the annual meeting of the Scindia Steam Navigation Company,

1 P. M.

Mr. Walchand Hirachand is reported to have referred at some length to the Government's failure to protect Indian shipping and said that the rate wars had assumed at present such serious proportions that if no immediate and effective action was taken by the Government, the Indian shipping companies would be completely wiped out of existence.

Sir, it may be said that the Government are the best judges of what is and what is not in the best interests of the country and what should be done and what should not be done for promoting the moral and material advancement of the people. But it would be pertinent to inquire which other Governments that are interested in the well-being of their people have refused to interfere and left it to the decision of foreign shipping companies to allow or not to allow indigenous shipping to prosper. The September number of the Indo-Japanese Trade Bulletin contained an interesting article on the development of Japanese shipping. The writer says that though Japan began the development of her shipping industry as late as 1870 her position today as regards tonnage is third in the world. Was this position achieved through a policy of non-interference ? The writer says that

"behind the progress that has been made, the main incentive was the steady drive of the Japanese Government, which in order to encourage and protect indigenous shipping passed the Shipping Act of 1899, reserving coastal traffic to Japanese ships".

In the debate on Dr. Zia-ud-Din Ahmad's Resolution in the other House in September last Sir Hari Singh Gour who had recently been to Japan mentioned certain interesting facts and figures showing how much encouragement the Japanese shipping industry had received from its Government. He said that the Japanese mercantile marine, which he said was second to none in the world had been brought about by preferential treatment, by the grant of substantial bounties and subsidies amounting to no less than about a crore and a half of rupees and by fixing certain rates and otherwise encouraging the development of domestic shipping.

From an article published in the *Review of India*, I learn that Japan made certain proposals at the Disarmament Conference which, according to the writer, would have the effect of increasing her strength in cruisers armed with 8-inch guns from 74 to 83, of bringing her strength in capital ships to 75 per cent. of the British strength and increasing her submarine strength by 42 per cent.

Similarly, my information is that the Governments of France, Italy, Germany, Holland, Belgium, the United States of America, England herself and a number of other countries have done all they could to promote the development of strong mercantile marines and to protect their shipping which has prospered greatly as a result of it. In marked contrast to this is the attitude of the State in this country to the indigenous shipping industry which has received neither preferential treatment, nor bounties, nor subsidies, nor even protection against unfair methods of competition such as rate wars and deferred rebates. Why the principle of non-interference should be enunciated in the case of India alone one is unable to understand. I wonder if the time has not come for the Government of India to take these circumstances to heart and to give a guarantee of proper security for Indian coasts, Indian ports, and Indian sea-borne trade in terms which can be understood by the people.

Now, an opportunity is in sight when the Government of India can take a step towards the protection of Indian shipping interests. Their existing contract with the British India Steam Navigation Co., Ltd., for the carriage of mails expires in January next, *viz.*, on 31st January, 1934, and the question of a new agreement is, I believe, under the consideration of Government. The Indian Merchants' Chamber of Bombay some time ago addressed a letter to the Government of Bombay reminding them of the accepted policy of the Government of India to develop an Indian mercantile marine by providing for an adequate participation of Indian shipping in the coastal and overseas trade of India, and emphasising the necessity of utilising this opportunity of taking suitable action for enabling Indian steamship companies to carry the mails on the coasts by giving them such subsidies as the circumstances might justify. The British India Steam Navigation Co., Ltd., at present receives from the Government of India an annual sum of Rs. 15,18,000, for services rendered in this direction. Similar subventions are paid to a number of other British shipping companies also. The Chamber have suggested that the Government should invite public and open tenders for the conveyance of mails and give preference to companies which have got a majority of Indian directors, have at least 75 per cent. of Indian shareholders and are managed by Indians. It is a very reasonable and opportune request of the Chamber and the Government should have no objection in accepting the proposal. The Chamber has further made some important suggestions in their representation which are worth consideration by Government. They consider that certain conditions should be laid down for the acceptance of such tenders which may be summarised as follows :

- (1) The company or companies which will be entrusted with the work of the conveyance of mails shall not enter into an unhealthy freight war with one another or with other companies plying on the coast by reducing the rates of freight below the economic level.
- (2) Such company or companies shall not offer deferred rebates to their constituents.
- (3) Such companies shall take cadets who pass out of the Indian Mercantile Marine Training Ship "Dufferin" as apprentices on board their steamers, and
- (4) Such companies shall be under an obligation to appoint as officers, as large a percentage as possible, on their steamers apprentices referred to in (3) above when they obtain their certificates of competency.

[Rai Bahadur Lala Jagdish Prasad.]

Sir, as I said, Governments in other countries, including England, have done and are doing much more to promote the development of strong mercantile marines of their own. Indian public opinion would wish that the Government of India acting on the recommendations of the Mercantile Marine Committee should reserve India's coastal traffic for Indian-owned ships. But even if the Government are at present unable to identify themselves with Indian shipping interests so completely, I think that they should on no grounds reject the very reasonable demand contained in my Resolution, namely, that as a step towards the development of an Indian mercantile marine the Government should give preference to Indian steamship companies at the time of making future agreements for the conveyance of mails on the coast.

Sir, I move.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal: Non-Muhammadan): Sir, the Resolution of my Honourable friend, Rai Bahadur Lala Jagdish Prasad, which I rise to support with the fullness of my heart, is so reasonable that it would certainly find favour with Government and the Honourable Members of this House.

So far as I remember, Sir, the proposal for building an Indian mercantile marine was mooted in as far back as 1922 and Government, in partially satisfying the growing demands of the people appointed the Indian Mercantile Marine Committee which recommended the admission of Indian cadets to the mercantile marine service as a result of which we find Indian boys now having training in marine service on H. M. S. "Dufferin," but nothing has yet been done by Government in a tangible manner to build and develop an Indian mercantile marine.

In this respect, Sir, the Indian steamship companies have been treated by Government in a step-motherly way. We are all aware of the then stiff attitude of Government about Mr. S. N. Haji's Reservation of Coastal Traffic Bill. But the times have now changed and along with them, I believe, the frame of mind of Government too. I should not give here the history of the growth and development of the mercantile marine of other civilized countries of the world that are not unknown to my friends of this House and to the Honourable Members of the Treasury Bench. We know, Sir, how the shipping industries in some independent countries are being helped by their Governments by bounties and subsidies and also by the reservation of coastal traffic but our Indian Government, so far as I understand, have not done anything to give a stimulus or impetus to our Indian shipping industries.

In view of the circumstances, Sir, the Resolution of my Honourable friend, asking Government to give preference to Indian steamship companies at the time of making future agreements for the conveyance of mails on the coast, is so timely and appropriate and of such significance that Government, I think, will have no objection to accept it.

And lastly, Sir, I would fervently appeal to the House for the adoption of the Resolution which will surely be a salutary and initiative step towards the building and development of an Indian mercantile marine.

With these observations, Sir, I heartily support the Resolution.

THE HONOURABLE MR. E. MILLER (Bombay Chamber of Commerce) : Sir, it seems to me that at the present time, as there is no Indian steamship company capable of implementing the present mail contract, the Resolution is somewhat premature and therefore the question of the future policy of the Government of India in this connection might reasonably be deferred until such time as Indian companies are in a position to undertake the carriage of mails. At the same time I would like to remind Honourable Members of this House that while on the one hand the Government of India have indicated that it is their intention to encourage the development of an Indian mercantile marine, they have also given an assurance that it is not their intention under the new Constitution to discriminate against established shipping interests. Therefore, when such agreements do come up for renewal, the primary points for consideration must be the efficiency, regularity and cost of the service to be provided and no question of preference could be entertained without due regard to all these important considerations. In view of the position, therefore, it seems to me that the mover will be well advised to withdraw this Resolution today and to put it up on a later date when the Indian mercantile marine is in a better position to cater for the carrying of mails on the coast.

THE HONOURABLE MR. J. A. SHILLIDY (Industries and Labour Secretary) : Sir, I would rather like to intervene now to draw the attention of the Council to the exact wording of the Resolution. It took me a long time to discover whether the Honourable mover of the Resolution was speaking to the Resolution or not. What the Resolution says is that as a step towards the development of an Indian mercantile marine the Governor General in Council should give preference to Indian steamship companies at the time of making future agreements for the conveyance of mails on the coast. It was not until most of his speech was concluded that we got for the first time a reference to postal arrangements. I think the Honourable Mr. Banerjee, when he was speaking, practically said nothing or very little about postal agreement. Sir, I put it to this Council that if the Honourable Member wishes to raise the policy of protection or help or subsidies to Indian steamship companies, he should put it forward in a perfectly plain and straightforward Resolution on which the Government can be prepared to express its opinion and when the Council will know definitely what the real issue before them is. The proposal here is, as stated quite frankly later on by the Honourable mover, a proposal for the grant of a preference. It is not that Indian steamship companies are to be given contracts for the carriage of mails, other things being equal, but they are to be given contracts even though other parties put in tenders which are perhaps less than their own. That of course is nothing but a subsidy, and before going in for a policy of subsidies I suggest it would be fairer to come forward and raise the question in a straightforward issue which the Government could consider and on which this Council could pronounce a fair and open verdict. I would also put it to the House that if the first decision is not taken that a policy of subsidies should be adopted, it is not in the interests of the country to go in for a policy of indirect subsidies. If you are going in for a policy of subsidies, it is well that people should know exactly what subsidy you are going to give. A policy of hidden subsidies, the extent of which cannot be traced or properly realised, is not a wise or sound policy. I too, by reason of the Honourable mover's method of handling the Resolution, have been taken away from the strict Resolution before us, which is that we are to give preference at the time of making future agreements for the conveyance of mails to Indian steamship companies ; that is to say, that the Posts and Telegraphs Department is to give a preference. What is the duty of the Posts and Telegraphs

[Mr. J. A. Shillidy.]

Department in this country? Its duty is to carry letters, to despatch and deliver telegrams and to provide telephones. It has a monopoly in that respect, and nobody in this country has a right to expect that any one of these duties shall be performed for them for something less than the cost to Government. That, I think, everybody will agree to. At the same time, I think that the public have a right to expect that those duties, when they are performed, shall be performed at the smallest possible cost. The Posts and Telegraphs Department have a very valuable monopoly and I think the public would object very strongly if that monopoly should be so exploited as to extort a large profit from the public. Therefore it amounts to this, that the Posts and Telegraphs Department is called upon to carry out those duties at the lowest possible cost.

There is another point I want to emphasise. The Posts and Telegraphs Department is called a commercial department. It has been a great deal criticised in the past because it has worked at a loss. Members of this Council are aware that a Committee was appointed over which Sir Cowasji Jehangir presided, to consider how much was the real debt of the Posts and Telegraphs Department, and the Retrenchment Committee also pruned the Department rather severely with, I think, the idea in their minds that the Department was not working at a profit or at all events was not avoiding a loss. Now, Sir, you cannot have it both ways. Honourable Members in this House have from time to time asked that the postal charges should be reduced. Now you cannot claim that the Department should make a profit or avoid a loss, and move resolutions to suggest that the charges should be greatly reduced, and on top of that come along and say that the Posts and Telegraphs Department should undertake the further duty of making subsidies to Indian industry. I submit, Sir, that this Resolution is really misdirected. It is not part of the duty of a commercial department to take up the protection of Indian industries. It is there to work at the cheapest possible rate and to give the most efficient service it can to the public.

At the same time, in making these remarks I do not want anybody to go away with the idea that Government is indifferent to the development of the mercantile marine. Its policy is to encourage the growth of that mercantile marine in every way. They have not yet decided however to adopt the policy of encouraging it by the grant of subventions or subsidies, and I think the House will agree that at the present time of great financial stringency they cannot undertake to do so. At the same time they have not finally dropped that policy. I would explain the position of Government in regard to this Resolution in this way. If the policy which the Resolution seeks to inaugurate were put forward in another form it could be fully and freely faced. It would therefore be a sound thing to withdraw this Resolution and to bring that policy forward in a proper, fair and open way for the consideration of Government and for the consideration of this Council.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I had no intention to speak on this Resolution, but I want the Honourable Mr. Shillidy to inform the House, in view of the remarks of the Honourable Mr. Miller, whether there is any Indian shipping company which is now in a position to carry coastal mails?

THE HONOURABLE MR. J. A. SHILLIDY : Sir, I really cannot say. I can only give an answer to that after we have called for and received tenders. As I have said before, my Department is not the Department which deals with

these shipping questions. That is one reason why I suggest that this very large question should not be brought forward in an indirect Resolution like this but by means of a direct Resolution to enable the competent Department to deal with it.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD : Sir, no doubt in my speech I referred to the general question of granting protection to the Indian shipping industry. I said in the course of my speech that the demand of Indian public opinion had been that in the first place the Indian coastal trade should be reserved for Indian ships, and, in the second place, that, failing such reservation of coasting trade for Indian ships, at least a minimum rate for coastal shipping should be fixed. But the Government have not in the past thought it fit to lend their support to either of these demands. Having given expression to the public feeling on the subject I pointed out the opportunity which was before the Government to satisfy public opinion to some extent. The fact that the contract with the British India Steam Navigation Company was about to expire and the question of entering into new agreements with shipping companies was under the consideration of Government led me to word my Resolution in a form which I thought would be in conformity with the question at present engaging the attention of Government. That is to say, because the question of the Government entering into new agreements with shipping companies for the carriage of mails along the coast was under their consideration I thought that I should not raise the general question of protection to the Indian shipping industry in my Resolution, but that I should confine myself to this particular item alone. The Honourable Mr. Shillidy has made out in his reply that the postal authorities should give contracts at the cheapest possible rates. What I suggested in my speech was that the Government should invite tenders from the different shipping companies, and what I intended was—

THE HONOURABLE MR. J. A. SHILLIDY : May I point out, Sir, that we do invite tenders at the time of making contracts.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD—what I intended was that if any of the tenders submitted by Indian shipping companies were of the same terms as the tenders of foreign shipping companies, then preference should be given to Indian shipping companies, all things being equal.

THE HONOURABLE MR. J. A. SHILLIDY : Sir, I understood the Honourable Member to say that he did not want merely, other things being equal, that the tender or the contract should be given to Indian steamship companies, but that the contract should be given to the Indian steamship company even though things were not equal. He has now said the other thing. That was not the impression I gathered from his first speech.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD : Well, Sir, I meant what I have said now. May I ask my Honourable friend, now that I have mentioned this point specifically, whether he is in a mood to accept my Resolution or to consider it more sympathetically.

THE HONOURABLE THE PRESIDENT : The Honourable Member has already made his observations. Will you now proceed to complete your remarks ?

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD : So, Sir, my demand is quite clear and cannot be called extravagant in any way. If the Honourable Mr. Shillidy advises me to bring the general question of protection to Indian shipping directly before the House then I may do so later on ; but in the meantime I will only express the hope, as I have said just now, that in case the Government find that the tenders of Indian shipping companies are equal in all respects to those of foreign companies then they would give preference to Indian shipping companies. And since the Honourable Mr. Miller has advised me to withdraw my Resolution for the present I have no objection in following his advice.

I beg leave of the House to withdraw the Resolution.

The Resolution was, by leave of the Council. withdrawn.

The Council then adjourned for Lunch till Half Past Two of the Clock.

The Council re-assembled after Lunch at Half Past Two of the Clock, the Honourable the President in the Chair.

RESOLUTION *RE* ABOLITION OR REDUCTION IN THE POSTS OF COMMISSIONERS OF DIVISIONS.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA (United Provinces Central : Non-Muhammadan) : Sir, I beg to move :

“ That this Council recommends to the Governor General in Council to procure in favour of abolition or at least reduction by half of the posts of divisional commissioners with an option for provincial legislatures finally to decide the question. ”

As the Honourable Members of this House are aware, this question of the abolition of the posts of commissioners has been agitating the minds of the public for the last quarter of a century and repeatedly resolutions have been moved in several provincial legislatures and the feelings of the public have been expressed in the press and from the platform.

Sir, one Honourable Member told me this morning that, in view of the coming reforms and on the eve of the introduction of provincial autonomy and a federal Government, this question is of minor importance. I also was thinking in the same strain but wanted to see whether there was any change of spirit in the Government and I put certain questions on the subject. My questions were :

(a) Is it a fact that the United Provinces Legislative Council has on several occasions pressed for the abolition or at least reduction of the post of commissioners ?

(b) Is it a fact that copies of the debates and questions on the subject have been forwarded to the Government of India for their opinion ?

(c) If the answer to (b) is in the affirmative, what steps, if any, have been taken ?

(d) Will Government be pleased to lay on the table their correspondence with the United Provinces Government on the above matter ?”

Sir, if their reply had been satisfactory I would not have given the Honourable Members of this House the trouble of debating this Resolution. The reply given by the Government was :

“(a) Yes.

(b) A copy of the recent proceedings in the United Provinces Legislative Council in connection with a resolution on the subject of retrenchment in the all-India services has been received.

(c) and (d). The Honourable Member is referred to the reply given by me in this House on 20th February, 1933, to question No. 65”.

Sir, I looked up the reply to question No. 65 referred to but it was just the other way. The Government said that the matter was under consideration. This is a very convenient reply which we hear often from the Government Benches when they want to put off matters.

I wanted to refer to the resolutions that have been adopted by the United Provinces Legislative Council as well as by other local legislatures, for instance, the Central Provinces Legislative Council, the Bihar and Orissa Legislative Council, which has passed repeated resolutions for the last ten or twelve years, but still the matter was under consideration.

I will crave the indulgence of this House for a few minutes, with your permission, Sir, to go into the history of this question. Sir, at the time of the Great War, this question was brought up before the notice of the Government and at the instance of the Bombay Government Mr. Gopal Krishna Gokhale drew out a scheme for provincial autonomy. In that scheme when it was published four years after his death it was found that he had laid great stress on this question and said that provincial autonomy cannot be perfect without the abolition of the post of commissioners. Just after the introduction of the Montagu-Chelmsford Reforms the question was taken up in the local legislatures and the answer received in these Councils was that it concerned the Government of India and copies of the debate would be forwarded to them for their consideration. The Local Governments had no say in the matter. On March 31st, 1932, a definite resolution was moved in the United Provinces Legislative Council and on that Resolution Government appointed a Committee called the Commissioners Committee. That Committee was presided over by Sir Selwyn Fremantle, an experienced and senior Indian Civil Service officer and there were several other Indian Civil Service officers on the Committee, with some non-official Members. The unanimous report of that Committee was the reduction of the posts of commissioners by half. This is to say, there are 10 commissionerships in the United Provinces out of which the Committee unanimously recommended that five should be abolished. But the non-official Members went further and were of opinion that the institution itself should be abolished. The opinion of the non-official Members was recorded in very forcible language. They said :

“In short the non-official Members are unable to understand why the Governor with an Executive Council of four Members, with a secretariat consisting of eleven or twelve secretaries, including deputy secretaries, under-secretaries and assistant secretaries, with power to appoint council secretaries and standing committees, with the Board of Revenue as the highest appellate authority in revenue matters, with power to appoint settlement commissioners or famine commissioners in case of need, with an elective legislative body to represent the people's point of view, with more representative municipal and district boards, with highly developed special departments and with competent district officers in charge of districts aided by district advisory councils, should find it impossible to carry on the administration without the help of an intermediate authority in the person of a divisional commissioner”.

[Rai Bahadur Lala Mathura Prasad Mehrotra.]

They thus recommended unanimously in very forcible language for the total abolition of the posts of commissioners.

In 1924 the matter did not rest with the local provincial Councils. It was taken up in the Legislative Assembly. An Honourable Member moved a resolution that the post of commissioner should be abolished. What did the Government reply? They said that they could not answer without consulting all the Local Governments. Sir, when the question is raised in the local legislatures, the Local Governments say that it does not lie in their province but concerns the Government of India. When a resolution is moved here, the Government of India say that they will have to consult Local Governments before giving their opinion. Finding this reply, an Honourable Member of the provincial Legislative Council of the United Provinces moved another resolution in 1927. I understand that similar resolutions were also moved in the Central Provinces and Bihar and Orissa. That resolution was passed by the overwhelming majority of 65 against 23, all non-officials voting for the abolition of the post of commissioners. Since then a copy of the debate has been forwarded to the Government of India, and still the Government of India have not found sufficient time to decide the question.

This, Sir, in brief is the history of the abolition of the post of commissionership. Now I will proceed to the merits of the question. I am moving for the abolition of these posts on two grounds—firstly, on economic grounds; and secondly, for the sake of efficiency. Regarding the economic grounds, I would place some facts before this House. In the United Provinces the total cost of these commissioners with their paraphernalia comes to about Rs. 8 lakhs, and if this money is saved, I think there will be a great relief to the Local Government and hope that this will be a great relief to the Local Governments wherever these posts exist. We all know that the provincial budgets are either deficit or just balancing. Their budgets are in a way bankruptcy budgets, living from hand to mouth. They cannot give enough to the nation-building departments which are suffering badly while these posts which are considered to be useless are kept on. Only the other day, when the Honourable the Finance Member introduced his budget in this House he made the suggestion that the Government would help those provinces which have got deficit budgets, and it was at their request that they were levying a tax on cheques. The total income from that source would come to about Rs. 7 lakhs which was to be distributed among the provinces. I repeat again, Sir, that if this reform is carried out, the Provincial Governments would be much more relieved without any hardship to the public involved in levying a tax on cheques. We cannot get money for our education which is so low that we cannot be considered to be literate. The grants-in-aid to the new institutions have been totally stopped, and the grants which aided schools were getting have also been reduced on account of financial stringency. We could not make any headway in sanitation and public health, so much so that we all know that every week thousands of people fall victims to plague, cholera, small-pox and other diseases. What is the reason? All this is due to want of money. We cannot spend sufficient money to save the lives of thousands of people every week. We are poor so far as industries are concerned and we are dependent on foreign imports. We cannot give bounties or gratuities to our industries for the development—

THE HONOURABLE THE PRESIDENT: Order, order. All these matters have a very remote connection with the Honourable Member's Resolution. I would like the Honourable Member to confine himself strictly to the Resolution.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : My objection in bringing in all these questions was to show that these matters, which are more important, are suffering for want of money while money is being spent on objects which we consider to be practically useless.

Now I would refer to the question of efficiency. It is stated that if the posts of commissioners are abolished, the efficiency of the administration will suffer. What are the duties of commissioners ? They hear revenue appeals, they look after the administration of district and municipal boards and also control the district officers. These are the three chief functions for the commissioners. I will take them one by one. So far as hearing appeals is concerned, the appeals first lie to the district officer. Then a revision application is made to the commissioner, and then it goes to the board of revenue wherever it exists, and I believe it exists in almost all the provinces. So there are two appeals in cases which are decided by the district magistrate. I think it is useless to have two appellate courts.

THE HONOURABLE NAWAB MALIK MOHAMMAD HAYAT KHAN NOON : You will have to amend the law, then.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : It is not very difficult, Sir, to amend the law. Appeals from district officers can go direct to the board of revenue and hence this is not an important duty of the commissioner. So far as district and municipal boards are concerned, their supervision is of a nominal nature. Every correspondence that goes from these local bodies goes through the commissioner to the Honourable Minister for Local Self-Government. There the commissioner acts more or less as a post office. He only sees and forwards those letters. There is no necessity of passing all the correspondence through the commissioner and it delays matters. Either it can go direct to the heads of departments or to the Secretary to the Local Self-Government Department, or at the most it can pass through the district officers very well as through the commissioners. The third function of the commissioner is the supervision, control and guidance of district officers, as they put it. I think district officers are quite experienced hands where they are Indian Civil Service or Provincial Civil Service men, and if raw men are given charge of a district, the mistake lies with the Government. When you have a number of experienced Provincial Civil Service officers, why do you give preference to raw Indian Civil Service men ? That makes control necessary and the retention of the post of commissioner. As for guidance in the matter of policy, we have the members of the cabinet and the ministers. They are supposed to guide the policy and not the commissioners. Therefore, this function also is not very important. So far as my province is concerned, the Governor of the province himself guides the policy of district officers and keeps in touch with them and the commissioners have nothing to do in these matters. As I understand it, that is the right way of doing business. For these reasons this argument of those in favour of keeping these posts also falls to the ground. Thus, Sir, from every point of view, practice, economy, efficiency, these posts are useless, and I hope that on the eve of introduction of the reformed constitution Government will come forward and declare its policy. After all my Resolution only asks that the Government of India should declare its policy and leave the matter to the local legislatures for final decision. Therefore I hope that the Government will see its way to accept my Resolution.

With these words, Sir, I move.

THE HONOURABLE MR. G. A. NATESAN (Madras : Nominated Non-Official) : Sir, I should like to state at once that I was the non-official Member who ventured to approach my Honourable friend this morning and to express some surprise that this Resolution should have been tabled for discussion in the Council of State. As he himself in his speech pointed out, he wants the Government of India to declare its policy and nothing more.

THE HONOURABLE THE PRESIDENT : The Resolution has been admitted by the President and you are not competent to challenge his decision.

THE HONOURABLE MR. G. A. NATESAN : Sir, in my next sentence I intended to say that at a time like this, when we are all talking of constitutional reforms I am rather surprised that my Honourable friend is asking the Council of State to discuss this question. I should like all the attention of the country to be focussed upon the White Paper which is to be placed in our hands in three days and for which the Honourable the Leader has already promised us a full day for discussion—the question of provincial autonomy, responsibility at the centre, Indianization of the army, complete financial autonomy with safeguards which may be necessary to obtain responsible government as early as possible. I venture to submit that these should be the questions upon which the Council of State should debate. I do not wish to enter for a moment into the merits of this controversy. We have had in our province a discussion over a period I think of 30 years regarding the abolition of the Board of Revenue. In that connection I am very sorry that my Honourable friend Mr. Cotterell is not here. I know very well that this question of commissionerships has to be threshed out, but without going into the merits of the question, I would ask my friend whether we should now, three days before the presentation of the White Paper, spend our time in the Council of State on this question. As he was good enough to refer to me without mentioning my name, I felt it my duty to say that I was the individual, and I still beg to advise my friend not to pursue this discussion but reserve all his efforts and concentrate upon reading the report of the third Round Table Conference and the matter which will be placed before him in the shape of the White Paper in three days. He will forgive me therefore if I do not respond to his present theme ?

THE HONOURABLE MR. VINAYAK VITHAL KALIKAR (Central Provinces : General) : I rise to support the Resolution moved by my Honourable friend. Sir, my province also has decided that the post of commissioner should be abolished. I crave your indulgence and the indulgence of the House for giving in short detail the discussion that took place in my province. In 1922 a Retrenchment Committee was appointed by the Central Provinces Government to examine the top-heavy administration expenditure of the Government and to suggest ways and means to curtail that expenditure. That Committee decided that the posts of commissioners could be abolished without impairing the efficiency of the administration. After that, Sir, in 1924, a resolution was passed by the Central Provinces Legislative Council in favour of abolishing these posts, and again, in 1927, a resolution was passed by the same Council for the abolition of this institution, and all the non-official Members voted in support of that resolution. The reply that was given by Government then was that the Government of India did not like or approve of the abolition of these posts and therefore the Central Provinces Government could not do anything in the matter. I will just read a few lines.

of the reply of the Honourable Mr. J. T. Martin, the then Revenue Member, in reply to that resolution. He said :

"I would however put clearly and simply what the position of Government is and what we are prepared to do. The Government of India have definitely decided that they are unable to accept the proposals for the abolition of commissionerships. Whatever the law on the subject may be, that settles the question so far as the Government are concerned".

After that, Sir, on account of the pressure brought by the Council and by public opinion on Government, they abolished one post and now there are four divisions, three in the Central Provinces and one in Berar, which are under the administration of commissioners.

Well, Sir, when this institution came into existence in my province the commissioners had multifarious duties to perform. The commissioner of the division supervised the police, he exercised civil and criminal powers, and superintendence over excise, forest, education. He had to play some part in the administration of the Local Self-Government Department. But with the introduction of the reforms, all these duties are being managed by other officials. And so, Sir, without impairing the efficiency of the administration, these posts can be abolished and a lot of money saved—in my own province about 3½ lakhs—which could be utilised in the nation-building departments. Now civil and criminal powers are entrusted to separate officials. The police are looked after by the inspector general of police ; for forests we have a chief conservator, and for excise an excise commissioner. So my submission is that practically commissioners have nothing to do with all these departments now and they are simply a link as it were between the executive government and the district officers. So far as the Local Self-Government Department is concerned, the Minister directly deals now with the Local Self-Government Department and the commissioner has nothing to do except forwarding the recommendations of the deputy commissioners to the Ministry in charge of the Local Self-Government Department. So I submit that this amount can be spared without impairing the efficiency of the administration.

Sir, practically the only work the commissioner does in my province is hearing appeals—I mean revenue appeals. Now, Sir, those who deal with litigation and who are pleaders know that in civil cases there are only two appeals ; in criminal cases there is only one appeal and one revision ; but in revenue cases, owing to the commissioner being there, there are practically three appeals ; one appeal goes to the deputy commissioner, one to the commissioner, and another in my province to the revenue member. This duplication of work also can be curtailed and the expenses also to that extent if these posts are abolished. As my Honourable friend Mr. Mehrotra has just said, this question is engaging the attention of the public for a long time and he has also referred to the Honourable Mr. Gokhale's recommendation. I submit that this is practically an innocent proposition and I hope the House will accept it.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal ; Non-Muhammadan) : Sir, coming as I do from

3 P. M.

Bengal, I strongly support the Resolution of my friend, the Honourable Rai Bahadur Lala Mathura Prasad Mehrotra, as Bengal being the land of deficit budgets, the abolition of the posts of divisional commissioners as proposed by the Honourable the mover would certainly economise the expenditure of my Provincial Government to a considerable extent. And there is no doubt that other provinces too will have financial savings of no small amounts if this motion of my Honourable friend is accepted by Government.

[Mr. Jagadish Chandra Panerjee.]

Without going into the details of the justification for the retention or otherwise of divisional commissioners, I can only say that the revenue work which they do can easily be done by the district magistrates and collectors. Appeals against decisions on the revenue work of district magistrates are few and far between. As regards supervising the management of the court of wards' affairs by the divisional commissioners, this work too can easily be performed by the district magistrates and collectors in consultation with the Member of the Board of Revenue who is the departmental chief with regard to the court of wards' matters.

Then, Sir, what is the necessity for maintaining such figure heads in the divisions at such high salaries and allowances whose work and duties could easily be performed by the district magistrates and collectors ?

The commissioners, I think, Sir, work as mere post offices because papers for higher authorities are submitted through them for favour of their forwarding notes only, and sometimes it has been found the commissioners play second fiddle to the district magistrates and do not put any remarks on the papers for their superiors save and except appending thereto the stereotyped forwarding notes with their signatures.

Sir, the Resolution of my friend, the Honourable Rai Bahadur Lala Mathura Prasad Mehrotra, is a simple and modest one because he wants either abolition or at least reduction by half of the posts of divisional commissioners; but, in this respect, half a loaf, which I know, is better than nothing, will not satisfy me, a representative of Bengal. What I want is that the posts of the divisional commissioners at least in my province should be abolished altogether.

When I find that Government have been asked by my friend, the Honourable Rai Bahadur Lala Mathura Prasad Mehrotra, to make a pronouncement in favour of abolition or at least reduction by half of these posts leaving an option with the provincial legislatures to decide the question finally, I think, I can unhesitatingly say, if this Resolution is accepted by Government here, my province may demand for the total retrenchment of these lucrative berths, because Bengal's financial condition is such that she cannot afford the luxury of maintaining such highly salaried officials whose work in proportion to their salary is so light.

However, Sir, I do not like to take up the time of the House to press this point but, in conclusion, hope that the Resolution will be passed by the House for the acceptance of Government.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras : Non-Muhammadan) : Sir, I beg to oppose this Resolution for more than one reason. This is not the proper time for us to discuss about retrenchment in the provinces—

THE HONOURABLE MR. VINAYAK VITHAL KALIKAR : May I know whether there are commissioners in Madras ?

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI : There are no commissioners in Madras. As a matter of fact I cannot speak about Bengal, though I sympathise with Bengal's present financial condition. I cannot speak of the United Provinces with authority, nor of the Central Provinces. I do not think it is for the Central Legislature to dictate terms to provincial legislatures. I am sure each Government will look after its needs and the local legislatures are the proper authority to go into this matter.

Sitting as we are in the Council of State I do not think it would be proper for us to dictate terms to provincial Councils.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : We are driven from post to pillar and from pillar to post as the Provincial Government says about the Central and the Central Government says about the Provincial Government.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI : It is for the Provincial Governments to look into this matter. At this juncture, we, Members of the Council of State, ought not to be partisans for this Resolution. Therefore I oppose it. Even in Madras there was an agitation for the abolition of the Board of Revenue—I am sure that the Honourable Mr. Cotterell, Senior Member of the Board of Revenue in Madras, who is in this House will bear with me on this matter. All that has subsided and the people who agitated perhaps thought after all the Board ought to continue. As we are going to have the White Paper in a few days, I do not think we will be justified in discussing the policies for the Provincial Governments.

For these reasons I strongly oppose this Resolution.

THE HONOURABLE NAWAB MALIK MOHAMMAD HAYAT KHAN NOON (Punjab : Nominated Non-Official) : Sir, I do not know what exactly are the duties of commissioners in the province of my Honourable friend, the mover of the Resolution ; there these posts may be considered sinecures, but such is not the case in the Punjab. In my province it is impracticable to carry out the recommendations of the Resolution. There are no excise or settlement commissioners in the Punjab. While in service I have been in charge of the Ambala and Lahore divisions and so I can speak from my personal experience. Apart from all the executive and administrative duties, a commissioner in the Punjab has to do considerable case work and has to decide appeals and review and revision applications under the different Acts.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : What kind of case work ?

THE HONOURABLE NAWAB MALIK MOHAMMAD HAYAT KHAN NOON : Appeals, revisions and review applications.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Of what nature ?

THE HONOURABLE NAWAB MALIK MOHAMMAD HAYAT KHAN NOON I am going to give you the Acts under which he does this work. If the Honourable Member will have the patience to hear me, he will at once understand. The Acts under which he hears appeals, revision and review applications are :

- The Punjab Tenancy Act,
- The Punjab Land Revenue Act,
- The Punjab Alienation of Land Act,
- The Punjab District Boards Act,
- The Punjab Municipal Act,
- The Punjab Excise Act, and
- The All-India Canal and Drainage Act.

[Nawab Malik Mohammad Hayat Khan Noon.]

The Commissioner is not only an appellate authority, but has also to perform certain duties in connection with the general administration and the working of these Acts. As regards appellate work under the Tenancy Act, he has to hear appeals regarding cases of recovery of rent, enhancement and reduction of rent cases, occupancy right cases and so on. Under the Land Revenue Act, he has to deal with assessment of land revenue, suspension and remission of land revenue, mutation of names regarding landed property, land petition cases, village headmen cases, zaildari cases and other miscellaneous revenue cases. Under the Municipal Act and District Boards Act, in addition to appellate work, he has to devote time to many miscellaneous and intricate papers in connection with budgets, taxes, rates and schemes of importance. Under the Canal and Drainage Act, he has to hear appeals against the orders of the divisional engineers regarding the imposition of penal rates on lands and from the point of view of the cultivator it is not an unimportant work. Practically in all the appeal cases under the different Acts, the law practitioners have a right to appear and they do appear and so the proceedings take time. Besides all this he has to deal with establishment cases of five or six districts under his charge—I mean the cases of appointments, promotions, punishments and dismissals of the subordinate staff. So unless all the above-mentioned Acts are amended and some provision is made for the disposal of the work—appeals and other miscellaneous work—now done by commissioners, how can the posts of commissioners be abolished? If the commissioners' posts are abolished then for the disposal of that work some other posts shall have to be created, call them by any name you like.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : May I know if there is a Board of Revenue in the Punjab?

THE HONOURABLE NAWAB MALIK MOHAMMAD HAYAT KHAN NOON : No, but we have two financial commissioners and they have practically the same powers. Perhaps the other alternative is to make the district officers the final authority under all these Acts. Of course, this will mean depriving the public of the right of appeal and I doubt if whether the Honourable Members will recommend such a course. As to reduction in the number of posts, as far as the Punjab is concerned, I can assure the House that the commissioners in the Punjab are not lightly worked. Their duties are not confined to office hours only; rather they have to attend to miscellaneous duties even before and after office hours. Even iron and steel machinery needs rest and overhauling, how can human machinery be expected to go on working continually for an unlimited time. I can say with confidence that the work which is now being done by the five commissioners in the Punjab cannot efficiently be done by a smaller number of officers.

I do not propose to take up more of the time of the House by further enumerating the duties of commissioners, but I would like to point out that a commissioner in the Punjab as an executive and revenue officer has to be in touch with the public. He cannot do so unless he is accessible to the public and allows interviews freely. It is very necessary that he should remain in touch with the public because otherwise he cannot gauge their feelings, find out their grievances, if any, and ascertain the true conditions prevailing in the tract under his charge. When at headquarters it is not unusual for the commissioner to spend one hour or more in interviewing people and when he goes out on tour to the district headquarters he has to devote one full day to seeing all the people who come from the different parts of the district to see him.

Sir, in the Punjab a commissioner is a very busy officer. I may also mention that due to a shortage of senior officers it often happens that young officers with four or five years' service are put in charge of districts and it is very essential that there should be an experienced immediate officer to guide them in regard to all important matters. This cannot be done from the headquarters of the Government.

The Honourable the mover of the Resolution has said, "Why not put Provincial Civil Service officers in charge of the districts?" Well, this proposal, Sir, raises the question of the recruitment of Indian Civil Service officers and is a very much larger question. It has been said, Sir, that the commissioner is only a post office. With due deference to the opinion of my Honourable friend who made that remark, I say that if he will allow me time I can give him a long list of the cases and businesses in which the commissioner is the final authority and from which there is no further appeal.

Sir, I oppose the Resolution.

THE HONOURABLE SIR EDWARD BENTHALL (Bengal Chamber of Commerce): Sir, I am aware of course that there is a great deal of controversy as to the best way in which the duties of commissioner should be performed. The Honourable mover, supported by Mr. Banerjee, has made out the popular case that commissioners draw a great deal of pay and do very little work. They have made out a case why they should be abolished and how that can be achieved without any loss of efficiency. But it cannot be left at that and the other side ought to be heard. I do not propose to go into that other side because it has been gone into frequently in public documents but I would like to point out that two responsible bodies have recently inquired into this question in the provinces of Bengal and Bombay—the Bombay Reorganisation Committee and the Bengal Retrenchment Committee. In the province of Bombay, the Reorganisation Committee whose report has recently been published recommends the substitution of a Board of Revenue for the existing system of divisional commissioners, except for Sind, and it has proposed that the Board should consist of two revenue commissioners and an excise commissioner. That proves of course that the work has still got to be done under whatever man or under whatever job it is put. In Bengal as the result of the first Retrenchment Committee some time ago it was found that a commissioner had no less than 620 functions to perform, of which no less than 271 would have to be assumed by Government, the Board of Revenue, or other central authority. The last Retrenchment Committee which was recently set up found that if all five divisional commissioners were abolished, an additional Member of the Board of Revenue, a second secretary and two sheristadars would have to be appointed in their place and the strength of the secretariat would also have to be increased. Why that is so I need not go into—it is in the report.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: What will that cost?

THE HONOURABLE SIR EDWARD BENTHALL: I will tell you what the conclusion of the Committee was. The conclusion was that the best thing to do in the circumstances was to reduce the number from five to three. I regret that I am not in a position to say whether the Bengal Government accepted that or not. But it is clear that conditions differ very greatly in each province and each province thinks the solution peculiar to itself may be the most advantageous. If the Honourable mover were moving this Resolution

[Sir Edward Benthall.]

in the provincial Council it is possible—in fact probable—that I would be in accord with him inasmuch as the alternative suggested in his Resolution is very much on the lines of the finding of the Retrenchment Committee, but I consider that this is a matter which can only really be decided by each province and that it is not a suitable subject for an all-India debate. I think the debate in this House has proved this because we have heard such different opinions from the different provinces. Notwithstanding the proviso which leaves the final decision with the provincial legislatures, I therefore regret that I cannot see my way to support the Resolution which calls on the Governor General to interfere in what is possibly the organisation of provincial administration.

THE HONOURABLE MR. M. G. HALLETT (Home Secretary): Sir, might I say how entirely I agree with the remarks of Sir Edward Benthall that this is a subject which can far more suitably be dealt with in the provincial Councils? As he has pointed out, the conditions of each province vary very widely. I unfortunately have no knowledge of the province from which the Honourable mover of this Resolution comes, but I have a knowledge of my own province and I have on previous occasions spoken on this question of the abolition of commissioners in that province. Incidentally, I may remark that the Honourable mover referred to the fact that Resolutions had been passed in the Bihar and Orissa Legislative Council advocating the abolition of commissioners. The last time when that Resolution was moved in connection with a budget cut I was deputed to oppose it and on that occasion the Resolution was negatived. That shows there is a certain amount of difference of opinion even within a province on this contentious question of whether commissioners perform a useful function in the administration or whether they do not. However, as the Resolution has been moved, I must in the first place make clear what has been the policy of Government and what declaration they have made in regard to this question.

The Honourable mover referred to the debates in the Legislative Assembly in 1922 or 1924, I think—but he did not refer to the final announcement of policy which was made by the Honourable the Home Member in September, 1925. Then the Government of India stated that they had informed Local Governments that while they were unable to agree to the abolition of divisional commissionerships generally, they would be prepared to consider on their merits proposals for the reduction of any particular posts. In making that statement of policy they were guided by two major considerations. They had before them the opinion of the various non-official bodies who had considered this question. They had before them the opinion of Legislative Councils. But the points that weighed with them were that commissioners were invaluable agents for the proper understanding, co-ordination and efficient execution of Government policy and that modern conditions had added to, rather than taken away, from the importance of this aspect of their work; and secondly, that the future is likely to make even greater demands on commissioners, since their experience, supervision and advice are likely to be more than ever necessary in the period of transition that lies ahead of the public services in India. That was the opinion in 1925. To that opinion they adhere. Conditions have not become easier; they will not become easier in the near future, and I think it is a very false view of the situation to regard the commissioner merely as a post office or possibly rather as a clog in the wheel. We have heard of the work that commissioners do in the Punjab. I can corroborate that from my own experience since I too had the privilege of being

a commissioner and I certainly at that time did not imagine that I was merely a post office. Possibly, those Members of this House who come from my own province can corroborate me on that point. The Honourable Nawab Hayat Khan Noon has described the work in the Punjab. It is not necessary for me to go into any great detail in regard to the work which is done by commissioners in provinces. I think this is fairly well known. There is, however, one point that I would like to make which is rather apt to be overlooked. Commissioners were originally appointed, in the year 1829, I think, as commissioners of revenue. Their correct title is commissioners of revenue and circuit. They were and still are responsible for the collection of revenue. The collection of revenue goes on smoothly in the provinces because the machinery is efficient and that in turn is due to having an efficient supervising agency. I have myself seen in my own province how efficiency of collection deteriorates if it is not carefully supervised. I have seen it in the case of municipalities who experience great difficulty in collecting their taxes. There might well be a similar deterioration in the collection of Government revenue if our machinery which has been used for the last 100 years in collecting revenue became inefficient. We should then lose far more than we should gain by abolishing these posts of commissioners. That is one point which should not be lost sight of. Though the machine works well, it might get out of order if it is changed very materially by removing the authority which is really responsible for the collection of land revenue over an area of very often some 17,000 square miles. Then again, in connection with the collection of land revenue, the commissioner deals, as the Honourable Nawab Hayat Khan Noon has pointed out, with a very important question, namely, the suspension or remission of land revenue. That is a point on which expert and experienced opinion is needed by Government. The opinion of one executive officer may not suffice. You want the opinion of an officer who is well acquainted with the conditions in the four or five districts of the province of which he is in charge. If a mistake is made, if remissions are too liberal, Government may suffer an unnecessarily severe loss. If, on the other hand, they do not go far enough Government may be faced with a difficult agrarian situation. On all these points the advice of an experienced officer is invaluable to Government. I now pass on to another branch of the work of a commissioner and that is his appellate work. I do not wish to go into details, for that work varies from province to province. But there can be no doubt that it is very convenient to the people to have near at hand an officer to whom to look to. For instance, a gentleman from Dacca should not be forced to go to Calcutta to file an appeal in a revenue matter. A very definite opinion was expressed during the debate in the Legislative Assembly in 1922 or 1923 by one of the non-official Members. He said as follows :

“Then again, people will be put to great inconvenience if instead of going to the courts of the divisional commissioner which are located in divisional centres, they will have to travel all the way to the provincial capital for the purpose of filing appeals to the Board of Revenue which is located in that capital”.

That point was emphasised by other speakers also during that debate, and it is a point of great importance. In fact, it was one of the reasons which led Government in the year 1829 to create these posts of commissioners to bring the court nearer to the people and not to keep it far away. It is true we might abolish appeals but so far as my experience goes, most litigants are reluctant to lose any right of appeal and there would be considerable outcry if you abolished any of these appellate courts. If any appellate courts are to be abolished, I should prefer to abolish the one which is furthest distant from the litigant and not put them to the trouble of having to travel 300 or 400 miles.

[Mr. M. G. Hallett.]

in order to file an appeal in a matter which may be of the very greatest importance to them, for these revenue matters are questions which very intimately concern the prosperity and well-being of the tenantry of this country. So much for their appellate work.

Then there are the various miscellaneous duties that the commissioner has to perform. These are recognised, I think, to be of very considerable importance. It is rather suggested that there should be no need to give advice to officers in charge of districts, that those officers should be carefully selected and there should be no need for them to be guided and advised. That is a counsel of perfection, but in practice we must have at times junior officers in charge of districts.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : What I said was that they can have advice and guidance from the Members of the Executive Council instead of commissioners.

THE HONOURABLE MR. M. G. HALLETT : All I can say in reply to that is that it is far more difficult to get near a Member of the Executive Council than to get near a commissioner. For one thing, it means a long journey, Members of Executive Councils are not so accessible to district officers and it is far easier to travel 20 or 30 miles and get to the divisional headquarters than to travel 300 or 400 miles to get to provincial headquarters. In some cases it may be a matter of urgency. There may be serious trouble in a district on which a young officer wants advice and he may not have time to refer to the Local Government, whose wheels sometimes work rather slowly. In all these matters it conduces to the efficiency of the general administration, in my opinion, if the authority who can give useful advice is near at hand. Nor again is it merely the district officers and Government officers who alone require advice. I have myself, during the time when I held the post of commissioner, frequently been consulted by the non-officials of my division on various matters, and they have been only too glad to make such use as they think fit of the advice that I have been able to give them. Members of local bodies and members of municipalities in particular have frequently consulted me on points which are not of sufficient importance to refer to the Minister for Local Self-Government or to the Secretary to that Department, but on which they required some help and guidance. If this service of mine had been appreciated, that I think constitutes an argument to show that commissioners are of some use to non-official residents in their divisions.

Then there is the inspection work which is carried out by a commissioner. To that also I attribute considerable importance. It is difficult to convince people that inspections do good and all I can say on that point is that my experience is different and I think the experience of officers who have carried out inspections will bear me out on that point.

Such being the work of a commissioner, I do not think it can be contended that he is merely a post office, that he is merely a figurehead. In times of emergency he has great responsibility and must often take control of the situation. Take an instance which occurred in my own province. There was serious trouble, communal trouble I think, spread over two districts of a division. The action to be taken could not be left to the individual district officers and the commissioner took charge and co-ordinated the work of these two districts, with the result that the trouble was soon brought under control. In all these and various other ways the commissioner performs a very useful part, and that opinion is an opinion which has been confirmed on various

occasions by influential committees which have investigated the question. There was first of all the Decentralization Committee which many Members will remember. There was later the Statutory Committee on the Constitutional Reforms which came here three or four years ago. Both those Committees thoroughly corroborated the view that commissioners form a very important link in the chain of Government administration.

I have dealt with the functions and duties of commissioners and the arguments against total abolition. As regards abolition by half, that is, I submit, as I said at the beginning, a question which must be decided in the light of local considerations. Whether we can go as far as that in any province seems to me very doubtful, for many of the arguments I have put forward against total abolition apply with equal force to partial abolition. There may, however, be cases in which the reduction of these posts is possible, and Government as I have said have undertaken to consider such proposals on their merits. To show that they have done so and have stuck to their word, I may refer to the fact that recently proposals were sent up from the Central Provinces and those proposals have been accepted by the Government of India and the Secretary of State for abolishing one or possibly two posts of commissioners. The Honourable mover of the Resolution referred in particular to the position in his own province. He seemed to think the answer I gave to one of his questions that the matter was under consideration was unsatisfactory. I regret it was unsatisfactory, but it was the truth and I could not say anything else but the truth. All I could say was that it was under consideration because it is under consideration at present. I tried to imply in reply to his question that Government had also before them a recent resolution passed by the Legislative Council dealing with the general question of retrenchment in the United Provinces, and included in the proposals for retrenchment was a proposal in regard to commissionerships. When the matter will be decided I cannot say, but I can assure the Honourable Member that the matter is being considered by the Government of India in consultation with the Government of his province.

Those are the two main points of the Resolution. The final point is that Government should make a pronouncement. In regard to that I agree largely with the two Honourable Members who have spoken on this point. The Honourable Mr. Natesan said that this is not a fit time for Government to deal with a question of this kind. We are on the eve of important constitutional changes. Is it desirable for the Government of India as at present constituted to come to a final decision on this point or to modify the views which it has formed after full consideration five years ago? Is it not more appropriate that the matter should be reconsidered by the future Government? They will have the responsibility at that time and it will be for them to consider whether they should uphold the view held by the present Government of India or whether they should agree with the view put forward on many occasions by non-officials in the Legislatures. Is it desirable to make any big change at a time when we are about to embark on these constitutional changes? Should we not keep the administrative machinery of the country the same as before? It has worked very well in the past. Is it desirable to make a change just when we are making other changes? To put it concisely, is it desirable to change your horse when you are crossing the stream? Is it not better to keep the same machinery for some time to come, till you see what is the result of the constitutional changes, what is the result of the transfer of responsibility, and leave it to the people then in power to decide what they consider the best method of administration? Whether the matter is to be left entirely to the Legislature is a point on which I cannot say much. As you know, at present the decision does not rest with the Legislatures. No doubt

[Mr. M. G. Hallett.]

when that document which will be published on the 18th is in your hands, you will see to what extent the Legislatures will have power to deal with these matters.

For these reasons I must oppose this Resolution, on the ground that the total abolition of commissionerships is out of the question, that the partial abolition or reduction by half is a matter which can hardly be decided in this Council. It is a matter which must be decided in the light of local conditions. Each case must be considered on its merits. And finally, in regard to the making of a pronouncement, I consider that no pronouncement is possible, other than that I have made today, reiterating the previous policy of Government, any other pronouncement would be out of place at this stage of constitutional development.

*THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : I had no intention of intervening in this debate, but when I find that Bengal, the Central Provinces and the United Provinces and the Punjab have all had their say, perhaps it will not be quite alright that my province should go unrepresented. There is a misconception about the meaning of this Resolution. We have not attacked the merits or the works of commissioners. That is a question which each province can rightfully deal with on its merits, and this Resolution of my Honourable friend does not bar that individual action. The fact that it has been found in certain provinces that the Local Government has taken shelter under the plea that the Government of India is standing in the way, that is the main reason for bringing this Resolution. If the Government accepted this, it would not be bound either to abolish the posts or reduce them by half. Our point is that the Government of India, which has been always saying that it is going to give and it is giving partial autonomy to the provinces, should not in the same breath stand in the way of provincial autonomy. I also have personal experience of commissioners. It is said that they are doing valuable work. But if you keep an official anywhere you will find that he will create work for himself. That is the usual thing. Once you provide an office for a man, he is bound to make work for himself and make himself indispensable. The 600 odd functions of the commissioner which the Honourable Mr. Benthall pointed out have not been corroborated by other provincial gentlemen—

THE HONOURABLE MR. M. G. HALLETT : I am quite prepared to corroborate them.

THE HONOURABLE MR. HOSSAIN IMAM : I am very glad that the corroboration has come. I should like to remind the House of one fact which has been partially lost sight of. Under the existing constitution—the Montagu-Chelmsford Constitution—we find that a number of items of work which used to be done by the Government has been transferred. Ministers have been appointed to look into those subjects. For instance, excise, education and local self-government ; and it is here that I find, Sir, that the opinion of people who have worked the constitution, of those who have served as Ministers, rather supports our case. I would remind the House of the written opinion of the Ministers of the Punjab about the control of the Provincial Services where the Ministers have asked that the appointment and dismissal of the officials should be in the hands of the provinces concerned.

* Speech not corrected by the Honourable Member.

The post of commissioner is not a sinecure but it has created work for itself, as is borne out by the fact that Madras can work without commissioners. If one province can work without commissioners, there is no reason why other provinces cannot do likewise. I do not say that if the Resolution is passed by the Council it will mean that the posts of commissioners in all the provinces will be abolished *ipso facto*; neither will it mean that they will be halved automatically. What it will mean is that Provincial Governments will not be able to take shelter behind the plea that it is the Government of India which is standing in their way and not they themselves. I wish, Sir, that this question should be decided for each province on its own merits and not a stereotyped reply should be given that the Secretary of State or the Government of India is standing in the way.

The other point that was raised by the Honourable Mr. Natesan was that this is not the time to consider these petty things. We do not see eye to eye with him. These petty things cost us lakhs and lakhs of rupees and collectively for the whole of India they will come to a very heavy sum. In the general discussion on the White Paper and other important discussions, it will be difficult to pronounce on the merits of each and every item of our programme. It is therefore better that if we can get an opportunity to discuss separately each point, we should discuss it. I would commend to the Government's attention the fact that they will not be in any way taking away efficiency of the machinery about which I feel as strongly as Mr. Hallett. We must not allow the machinery to deteriorate at a time when we are introducing far-reaching reforms. But, Sir, I see that with the inauguration of provincial autonomy, provincial autonomy should be real and not a sham. They are going to get other powers; let them have this power to do as they like and let not the centre stand in the way of provincial autonomy. Therefore, Sir, I support this Resolution whole-heartedly.

THE HONOURABLE KHAN BAHADUR DR. SIR NASARVANJI CHOKSY (Bombay : Nominated Non-Official) : Sir, after the exhaustive discussion that has taken place, there remains very little for me to say. So far as the Bombay Presidency is concerned, we have, besides the excise and salt commissioners, four commissioners, one of whom, the Commissioner in Sind, is practically a lieutenant-governor. The duties of the commissioners narrated here are multifarious; they appear to differ in different divisions. There are, however, other duties of which, I believe, cognizance has not been taken. One of the duties is that the commissioner comes in intimate contact with people of all classes and in all districts; he listens to their grievances, he expounds the policy of Government and in fact, he is the interpreter between the Government and the people. He also investigates large schemes of very great importance. In times of trouble he is always the expert adviser and guide of the Collector of the district, whoever he may be. Apart from that, he exercises the functions of an expert to the Ministers and to the departments with which he is concerned. All these duties are compressed within one head and if the commissioner is removed, the guiding hand of the collectors and the district officers is sure to be lost. Besides that, if they are removed, how are they going to be substituted? There will no doubt be another agency required. Under the autonomous provincial schemes perhaps lieutenant-governors may be appointed for two or three sections of a province and the economy which our friends foreshadow may not actually take place. I therefore oppose the Resolution as it is untimely, and I believe, it will serve no useful purpose.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Sir, I regret that my Resolution has not been accepted by the Government and further that it has also been opposed by certain other Honourable Members.

Sir, my Honourable friend Mr. Chetti has pointed out that this House is not the proper place to bring up such a Resolution. I have already explained the whole history of the question and how Provincial Governments shelter behind the Government of India.

THE HONOURABLE THE PRESIDENT : We have very little time and I hope the Honourable Member will not repeat himself.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : No Sir. I shall finish in a few minutes.

The Provincial Governments have said that the Government of India was standing in their way and I therefore thought that I must get some pronouncement from the Government of India in this House. I do not want that the Government of India should follow a similar policy for all the provinces, because in my Resolution I have said that the final decision should be left to the local legislatures. All I want is that the Local Governments should not give a stereotyped reply that the Government of India is standing in their way.

It has been pointed out by my Honourable friend, Nawab Hayat Khan Noon, that in the Punjab the appellate work of the commissioner is very heavy. I just wanted to know whether there was a Board of Revenue or not and the answer I got was that there were financial commissioners. I think cases that go to the commissioner can also be put in revision to the financial commissioners as in the United Provinces where cases decided by commissioners can also be put in second appeal before the Board of Revenue. I think much time is wasted for two appeals and if cases go direct from the district officer to the Board of Revenue, the existence of the commissioner so far as appellate work is concerned will be useless.

THE HONOURABLE NAWAB MALIK MOHAMMAD HAYAT KHAN NOON : Then many more members will be required on the Board of Revenue with higher pay to deal with these appeals. Now commissioners dispose of a good many appeals and there is no further appeal.

THE HONOURABLE THE PRESIDENT : Order, order. The Honourable Member is not entitled to make another speech.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Another point is brought forth that commissioners are in close touch with the public and they spend an hour daily in interview, but while they go on tour they have to spend the whole day in interview. As long as commissioners exist, interviews will go on *ad infinitum* ; even if you appoint assistants to commissioners and assistants to assistant commissioners, they will all be busy with interviews ; but the moment you abolish the post, the interview that is sought with commissioners will be directly sought with heads of departments or Ministers concerned. May I know, Sir, if these interviews are not sought with Ministers and Executive Councillors ? So, Sir, this is not an important question at all.

Then, Sir, Mr. Hallett has pointed out that revenue collection is the chief function of the commissioners. There I agree, that this is one of the chief functions. But for the collection of revenue *tehsildars* are solely responsible. Over them there are deputy collectors to look after the collection work and over deputy collectors there are district magistrates. Over and above these, my friend wants commissioners also to be made responsible for that work. I think that is making the department top-heavy by appointing so many officers for the supervision of collection work. The collection work is mainly carried out by *tehsildars* under the supervision of the deputy collectors.

Then, Sir, it has been said that the non-officials get advice and consultation from the commissioners. Yes, as long as the commissioners exist, the non-officials will go for advice as I have already told them. Sir, if Madras can afford to do without these commissioners—and I believe that the administration is not tottering there and is being carried on efficiently—I see no reason why the other provinces should not follow their example and do without commissioners. May I know what are the difficulties in Madras?—whether the work is being efficiently carried on there or not?—whether the functions that have been just stated are entrusted to the other officers or not? If this is being done in one Presidency, I do not see why it should not be done in any other Presidency and therefore I hope the Honourable Members will pass the Resolution which I have moved.

THE HONOURABLE THE PRESIDENT : Resolution moved :

“That this Council recommends to the Governor General in Council to pronounce in favour of abolition or at least reduction by half of the posts of divisional commissioners with an option for provincial legislatures finally to decide the question.”

The question is :

“That this Resolution be adopted.”

The motion was negatived.

RESOLUTION *RE* WITHDRAWAL OR REDUCTION OF THE SURCHARGE ON THE CARRIAGE OF COAL.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I rise to move the Resolution which stands in my name and which reads as follows :

“This Council recommends to the Governor General in Council to withdraw the surcharge levied on railway freight on coal or failing that substantially to reduce the surcharge on carriage of coal for distances of 1,000 miles and over.”

Sir, this Resolution is being moved in the public interest and in the interests of the industries which by the levy of this surcharge are not faring well. I asked for some information in this House as regards the total quantity of coal carried by the Railways to various zones, but I was sorry to find that the Government was not in possession of these figures. Sir, it is a pity that the Government has abolished the issue of “Inland Trade (Rail and River-borne) of India, 1920-21.” For 33 years this publication was placed before the public and it was of very great use. I have taken some figures of 1920-21 from this book, page 10, table 3, and from that I will put before this House some facts which will give them a rough idea of what my Resolution really

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means in money. Before I go into the merits of the case I will for the information of Members state that the present rates for the carriage of coal are as follows :

Rates in force from 1st June, 1929.

Traffic carried for distance.

	Pies per mile.
<i>400 miles and under—</i>	
For all distances up to 200 miles inclusive	0.165
Plus for any distance in excess of 200 miles and up to 400 miles	0.13
<i>For over 400 miles—</i>	
For all distances up to 200 miles inclusive	0.15
Plus for any distance in excess of 200 miles and up to 400 miles inclusive	0.06
Plus for any distance in excess of 400 miles	0.05

Sir, so the railway freights to some important towns in India from the coalfields per ton work out as follows :

	From Raniganj.			From Jharia.		
	Rs.	A.	P.	Rs.	A.	P.
To Calcutta	3	6	0	4	9	0
Cawnpore	7	1	0	6	10	0
Jubbulpore	8	0	0	7	9	0
Delhi	8	14	0	8	10	0
Lahore	11	0	0	10	12	0
Bombay	12	6	0	12	6	0
Karachi	14	7	0	14	0	0

These freights do not include the surcharge, which is levied in addition. Sir, I might inform the House that it will appear from the scale of rates that I have quoted that the rates for coal are telescopic. The greater the distance the smaller the rate of freight. But, Sir, in levying surcharge this principle has been totally ignored. The bigger the distance the smaller should have been the surcharge because, Sir, those stations which are situated at a longer distance from the colliery already pay a heavier freight. But to enforce a surcharge on the amount of the total freight for long distances is unjust and inequitable. In the case of Lahore the surcharge comes to Rs. 1-8-0 a ton as compared with 14 annas in the case of Cawnpore. This surcharge, Sir, gives preferential treatment to certain stations and to industries which are fortunately situated at nearer stations to coalfields. Sir, I might also mention that this surcharge is discriminatory and is not universal on all consignments. It does not apply to traffic in soft coke. Coal traffic to the ports, whether Bombay, Calcutta, Madras, or any other Indian port, is not subject to this surcharge. Traffic to South India other than ports is also not subject to this surcharge and if I understand rightly the Madras and Southern Mahratta Railway and the South Indian Railway do not levy this surcharge.

Sir, it is due to the monopoly of the Railways, wherever there is no competition they dictate their rates and wherever they have to face competition they yield and levy no surcharge. 4 P.M. Is that just? Is that equitable? Certainly not. Therefore, Sir, the whole thing is unreasonable and discriminatory. At this time when most of the industries are in a bad way this surcharge tells upon them.

I might mention, Sir, why I made a change in my original Resolution. I saw the Honourable Sir Guthrie Russell on this subject and I begged of him to consider this matter favourably. I had a free discussion with him and he told me that as far as the total abolition of the surcharge was concerned, the matter was entirely out of the question. I said, "What is the best you can do?" I put forward various proposals. I said, "Will you agree to the ante-telescopic rate?" He said there was not much probability. I said, "What about a flat rate? You might charge a flat rate on coal booked to any distance." There too he was not agreeable, and the only thing which he promised to consider and to thoroughly examine was the surcharge on freight on coal for distances of 1,000 miles and over. That led me to amend the Resolution and to put it in the present form today.

I now come to the question of what it will cost the Government to take away this surcharge for distances of a thousand miles and over. I have tried to collect certain figures but they are very rough. I have taken them from the Government Blue Book "Inland Trade (Rail and River-borne)" for the year 1920-21, the total tonnage of coal to Punjab for use of Railways was 6,96,148 tons, and coal for other purposes was 5,33,620 tons. Sir, the total of these two items comes to about 12,29,768 tons, out of which the Punjab itself produces 54,840 tons of coal. If we subtract this amount from this total the net amount of coal carried by Railways in that year in the Punjab is 11,74,928 tons. The surcharge on this will be about Rs. 10 lakhs. Say Rs. 6 lakhs on coal for Railways and say Rs. 4 lakhs for coal for the public. This Rs. 4 lakhs is an item which for the sake of encouragement and existence of industries and for the duty which devolves upon Government to support the indigenous industries, is not a big figure. As far as the total production of coal in India is concerned, the total production during 1931 was 2,13,55,000 tons. So, loss is only a very small amount and Government can easily afford to meet my modest demand. I may also mention how this total output of coal is consumed by the various concerns. Railways consume 66,29,000 tons, i.e., 31 per cent. of the total output of the coalfields in India; the Admiralty and the Royal Indian Marine shipping consume 29,000 tons, i.e., 0.1 per cent.; bunker coal, 11,90,000 tons, i.e., 5.2 per cent.; cotton mills, 1,31,11,000 tons, i.e., 6.1 per cent.; jute mills, 6,73,000 tons, i.e., 3.2 per cent.; iron, steel and brass foundries and engineering workshops 47,16,000 tons, i.e., about 22.1 per cent.; Port Trust, 1,56,000 tons, i.e., 0.7 per cent.; inland steamers, 6,21,000 tons, i.e., 2.9 per cent.; brick and tile factories, including potteries and cement works 7,58,000 tons, i.e., 3.6 per cent.; tea gardens, 1,89,000 tons, i.e., 0.9 per cent.; paper mills, 1,46,000 tons, i.e., 0.7 per cent.; collieries and wastage, 21,72,000 tons, i.e., 10.2 per cent.; other industries and miscellaneous, 28,46,000 tons, i.e., 13.3 per cent. Total 2,13,55,000—100. So, in case we take away item for collieries and wastage, the quantity of coal carried 1,000 miles and over comes to the figure which I have given. I will take the case of the Punjab alone, because, as far as Madras is concerned, it is so well situated as regards its seaports that the coal goes to the various centres at a cheaper rate from its ports. As far as Central India is concerned, they have their own collieries and the distance for the traffic of

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coal is small. As regards Sind, the Bengal coal is carried by steamers to Karachi and is landed there at cheap rates. Just for comparison I will give the House the sea freights from Calcutta on coal for the year 1931 :

	Rs.	A.	P.	
Bombay	5	4	0	a ton.
Madras	3	12	0	"
Bangoon	3	7	0	"
Karachi	5	8	0	"
Colombo	4	8	0	"
Singapore	4	8	0	"

So, Sir, you will find that at all these seaports and places nearby there are an abundance of industries, the surcharge does not apply. It practically comes to this that at places which are unfortunately situated at a distance of a 1,000 miles and over from the collieries, Government wants to take its pound of flesh from the industries concerned. That is not fair. The question now before the House is whether the surcharge on long distance coal is equitable and justified. On bunker coal or the coal which is shipped from India, there is no surcharge. So, it is only a loss of about Rs. 4 lakhs which is involved in case my Resolution is accepted, if surcharge on coal for Railways be not considered, as it is being now paid by the taxpayer owing to Railways running at a loss. Government, in order to fulfil its declared policy of supporting indigenous industries, should prove it and thus translate that policy into practice. My friend, the Honourable Sir Guthrie Russell, might say that the surcharge on coal carried to ports has been taken away to stop the import of foreign coal. For that we have to see what is the price of coal at the pitmouth in India as compared to other countries. I will give the information which I have on the subject. The average value of coal at the pithead in Great Britain is Rs. 9-2-0 a ton; in Australia Rs. 11-8-0; in Japan Rs. 9-4-0; in the United States Rs. 7-3-0; in South Africa Rs. 4-2-0 and in India it is Rs. 3-15-0. It shows that foreign countries cannot easily compete in coal with India if the rates of railway freight here are equitable and just.

I do not want to take the time of this Council any longer, but I must impress upon the House that in these days when articles are being dumped into this country and industries are very badly off, this is just the time when Government should consider this matter seriously.

With these words, Sir, I commend this Resolution for the favourable consideration of the House.

THE HONOURABLE SIR PHIROZE SETHNA (Bombay : Non-Muhammadian) : Mr. President, Sir, the Honourable Lala Ram Saran Das sent notice of his motion as follows :

"This Council recommends to the Governor General in Council to withdraw the surcharge levied on railway freight on coal."

Last night we received intimation that you, Sir, with the concurrence of Government allowed the Honourable mover to add the following words to his original Resolution :

"or failing that substantially to reduce the surcharge on carriage of coal for distances of 1,000 miles and over".

The Honourable mover has told us why he made this addition. He further said that in the course of discussion my friend the Honourable Sir Guthrie Russell informed him that total abolition of the surcharge was absolutely out of the question. In spite of that, Sir, I desire to move an amendment in the words of the mover's original Resolution and I trust I may be allowed to do so.

THE HONOURABLE THE PRESIDENT : Have you given notice to the Chief Commissioner for Railways ?

THE HONOURABLE SIR PHIROZE SETHNA : I gave notice verbally this morning to Mr. Spence.

THE HONOURABLE THE PRESIDENT : Has the Honourable Sir Guthrie Russell any objection ?

THE HONOURABLE SIR GUTHRIE RUSSELL : I have no objection.

THE HONOURABLE THE PRESIDENT : I think under the circumstances this is a fit case for suspending Standing Order 64 and I allow the Honourable Member to move his amendment.

THE HONOURABLE SIR PHIROZE SETHNA : The reason, Sir, why I move this amendment is that I consider the Resolution as altered tantamount to discriminating in favour of one province as against another. If the Honourable Sir Guthrie Russell repeats the statement he made to the Honourable mover that a total abolition of the surcharge is absolutely impossible and he substantiates the same with facts and figures, I certainly will not press my amendment. Now, Sir, I observed just now that the Resolution as altered amounts to discrimination and it asks Government to benefit one province at the sacrifice of another. Coal is to be had in this country in Bengal and in the Central Provinces. The Honourable mover has told us that the total output is 2,13,55,000 tons a year. I am aware that the output from the Central Provinces is comparatively small, perhaps not more than four or five per cent. of this total. But I am sure it is not the intention of the Honourable mover to benefit Bengal at the cost of the Central Provinces and to ask the latter to make a sacrifice. I may inform the House that I have no interest whatsoever in coal, either in Bengal or in the Central Provinces. The Central Provinces I understand have an output of somewhere between 8 and 10 lakhs of tons. I further understand, to judge from particulars of the contracts that appeared in *Capital* some days ago, that the Railways have agreed to take nearly 40 per cent. of the total output of the Central Provinces coal mines. It would therefore amount to the surcharge being paid by them, because, so far as I understand and as the Honourable mover himself said, coal from the Central Provinces does not go a distance of 1,000 miles. I am told that the longest distance it is carried by rail is 700 miles. Consequently, I submit that the benefit proposed by this Resolution will go only to Bengal. That I submit is unfair and amounts to discrimination, which I am sure Government ought not to agree to. As the Honourable Lala Ram Saran Das has explained so far as the large ports are concerned, Bombay, Madras, Karachi, coal goes there by sea. They are not affected. But, Sir, the mills at Ahmedabad and the mills even at Sholapur use Central Provinces coal, and they are at a distance of less than 700 miles from the Central Provinces coal mines. If I mistake not, the Ahmedabad mills consume Central

[Sir Phiroze Sethna.]

Provinces coal to the extent of nearly 3,00,000 tons or more per annum. They will, therefore, be at a disadvantage if Bengal is given this concession and not the Central Provinces. It is on that ground that I have brought forward my amendment.

The Honourable mover also referred to the telescopic arrangements at present operating in the matter of railway freights. But that cannot be said to be a case of discrimination. Even if it be so, then his proposal for giving benefit to coal which travels more than 1,000 miles makes the position much worse in point of discrimination. Now, Sir, it is not only Government which should discourage discrimination. I contend that even the Railways should do so. Section 43 of the Indian Railways Act (IX of 1980) has for its heading "Undue preference in case of unequal rates for like traffic or services". This section is divided into two parts and part (1) reads as follows :

"(1) Whenever it is shown that a railway administration charges one trader or class of traders or the traders in any local area lower rates for the same or similar animals or goods or lower rates for the same or similar services, that it charges to other traders or classes of traders, or to the traders in another local area, the burden of proving that such lower charge does not amount to an undue preference shall lie on the railway administration".

I should like to know from the Honourable Sir Guthrie Russell how he proposes to meet this part (1) of section 43 of the Act. I now come to part (2).

"(2) In deciding whether a lower charge does or does not amount to an undue preference, the Commissioners may, so far as they think reasonable in addition to any other considerations affecting the case, take into consideration whether such lower charge is necessary for the purpose of securing, in the interests of the public, the traffic in respect of which it is made".

These, Sir, are my reasons for moving my amendment, and I shall be very glad to know from the Honourable Sir Guthrie Russell if it is possible for him to meet the Honourable mover even to the extent he has asked. Surcharges are very objectionable, but we know we cannot do without them at the present moment. If they can be removed, it will be a blessing which we shall all greatly appreciate, but I fear the time has not yet arrived for the same.

THE HONOURABLE THE PRESIDENT: Will the Honourable Member please move his amendment ?

THE HONOURABLE SIR PHIROZE SETHNA: I beg to move my amendment as follows :

"That all the words after the words 'railway freight on coal' be omitted."

THE HONOURABLE THE PRESIDENT: Amendment moved :

"That all the words after the words 'railway freight on coal' be omitted."

Discussion will now proceed on both the motions.

THE HONOURABLE SIR EDWARD BENTHALL (Bengal Chamber of Commerce): Sir, this Resolution and the amendment appear to me to divide themselves into three points of view, first of all that of the consumer, then that of the producer and then that of the Railways. From the point of view of the

consumer, there seems to me to be no argument at all in favour of continuing the surcharge. The mover I think was quite right in pressing for the withdrawal of the surcharge and failing that for any other reduction which he could get. The House is here to represent every point of view and every reduction that he can get for consumers which he represents he is entitled to press for and to fight for, because in its bearing on the part of the world from which he comes there is no doubt that this surcharge is a charge on industry ; about that there can be no question. But I am surprised that he has not moved further for levelling the basic rates on coal from the Central Provinces and Bengal. This is a question on which I did not intend to embark, but it was raised by my Honourable friend, Sir Phiroze Sethna, who I was very glad to hear say that he desired that there should be no discrimination in the matter of railway rates. He said that the Central Provinces should not be put at a disadvantage, whereas the true facts of the case are that at the present moment the Central Provinces has an undue advantage for the reason that the basic rates at the present rate from Bengal are, as the Honourable mover said, .15 pie per maund per mile for the first 200 miles, whereas from the Central Provinces the rates begin at .10, only two-thirds of the rate, and therefore the Honourable mover is in fact paying Re. 1 per ton extra or thereabouts for every ton of coal which comes from Bengal as against coal coming from the Central Provinces. However, I do not wish to raise or press this point at this juncture as it is really a different matter, but certainly from the point of view of the consumer, he can hardly move in any other direction.

As regards the producer, the producer of coal must of course also stand for the removal of any charge on his cost of production and distribution. The Government will no doubt argue that this surcharge has not resulted in any reduction at all in the quantity of coal which would have been transported to the north-west or the west of India. It is, I think, a fact that since the surcharge has been put on both the quantity and the earnings have fallen, but I do not think it is easy to apportion how much of this is due to bad trade and how much is due to the surcharge. It will interest me very much indeed to hear what Government's views are ; but from the general point of view of the producer, naturally the producer wishes to press for all possible reductions of freight on the article which he produces.

With regard to the merits of the amended Resolution put forward by the mover and the amendment now put forward by the Honourable Sir Phiroze Sethna which is in fact the original Resolution, when I saw this new Resolution I rather thought that it was a move by the Honourable mover to attract the votes of people from Bengal, since it obviously does benefit Bengal coal because normally coal going over 1,000 miles must come from Bengal mines ; and of course in view of the disparity in freight, which I have already mentioned the amendment at first sight is just. But the telescopic scale applies already to the surcharge in favour of long distance traffic, and it is not therefore quite logical to press for more. I did not hear why the Honourable mover chose the particular figure of 1,000 miles ; I should have been interested to hear that, and I think this disparity of rates which I mentioned before might be removed in another way. Nevertheless, from the producer's point of view, I must press for the withdrawal of the surcharge, and on the whole I prefer the amended Resolution to the one which the Honourable mover has moved.

But before coming to a final decision, we have to take into account the position of the carrier, the Railways. The Railways of course must balance their budget to the best of their ability and they argue that somehow or other they must increase their earnings and the fairest way to do so is by this

[Sir Edward Benthall.]

surcharge on coal How to make the Railways pay is of course the principal question which the hard-faced business men on the Railway Board have to decide. Provided they can prove that it is fair to single out coal for this surcharge and provided they can prove that it is no unfair burden on the producer, then I have to consider very carefully whether the larger issue of Government making the Railway Budget balance has not got to take precedence over the interests of the producer. My position in this Resolution is this, that I have an open mind on the subject and what I want to hear is Government's reasons for continuing the surcharge. I expect that Government have investigated this question very carefully—I have not been able to go into figures myself—if not, then I hope they will. If they have and if the earnings show that the surcharge has been justified, then I shall oppose the Resolution. If in my opinion after hearing the Government case I am not satisfied and if I think that enquiry has not been adequate and the reasons are not good, then I shall support the Resolution.

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner of Railways): Sir, the original Resolution falls into two parts, the first part of which is the same as the amendment. The first part is that we should entirely remove the surcharge on coal; the second part is that we should make adjustments in the surcharge for distances over 1,000 miles. All I can say is that if I could get up in this Council and say that the Government of India accepted the amendment, I should be one of the happiest men in this Council. It would mean that Government thought that by this action they were going to increase the railway earnings and so help them to balance their budget. But I am afraid that there are no indications that the withdrawal of the surcharge would help our earnings in any way whatsoever; in fact the indications are entirely in the opposite direction. We have made a rough calculation of the result of the imposition of the surcharge and our estimate shows that the surcharge has brought in Rs. 64 lakhs additional earnings for the first 12 months during which it has been in operation. Now, if this surcharge has increased our earnings that is no indication that it has decreased the tonnage of our traffic. Actually for eight months, from February to September, 1932, the tonnage of coal carried dropped by 5·6 per cent. but during the same period the tonnage of all goods carried, including coal, dropped by 5·8 per cent. These figures are in comparison with the figures for the corresponding period of the previous year. The average freight earned on one ton of coal is roughly Rs. 4. Now, if we assume that, of that Rs. 4, Re. 1 is profit—and I may say that this is a very optimistic assumption considering the low rates at which we carry coal—but assuming for the sake of argument that Re. 1 is profit, then if we had not had the surcharge it would have meant that our earnings would have been decreased by Rs. 64 lakhs, or we would have required to carry 1,600,000 tons more coal and I am quite sure that the Council will agree with me that this would have been quite impossible at the present time. Now, another reason why I say the surcharge has not affected our traffic is this. As the Council know, before we introduce an increase in rates, we normally give the public two months' notice. Well, during the two months' notice for this surcharge, the East Indian Railway alone carried 470,000 tons more coal than it carried in the corresponding two months of the previous year. But for this I do not think there would have been any reduction whatsoever in the tonnage of coal carried since the surcharge has come into operation.

Now, as I understand it, the Honourable mover's objection to the surcharge is that it places stations at long distances from the coalfields at a disadvantage as compared with those nearer the coalfields. This is quite correct. He instanced Lahore and Cawnpore. At Lahore he said the surcharge had meant raising the price of coal by Rs. 1-8-0 a ton whereas in Cawnpore it only meant raising the price by 14 annas or a difference of 10 annas. This is quite correct. But what he forgets is this ; that in the reductions which we were able to make in 1926 and in 1929 in both cases Lahore gained at the expense of Cawnpore and the net result of the two reductions and the increase is that Cawnpore is better off to the extent of 11 annas only as compared with the beginning of 1926 and Lahore is better off to the extent of 14 annas. So I do not think it can be said that Lahore has been too badly treated. But it is impossible, I am afraid, to get over territorial disadvantages. There is, however, always a silver lining to every cloud. The Honourable Rai Bahadur Lala Ram Saran Das referred, I think, to the cotton industry. Well, surely, Lahore has a great advantage over Cawnpore in its nearness to the cotton markets and I am quite certain that the lower freight in cotton at least outweighs the disadvantages of the higher freight in coal.

I may say that before the Railway Board recommended this 15 per cent. surcharge they went very very fully into the question. In fact, we did what was I believe unprecedented. We asked representatives from the Indian Mining Association and the Indian Mining Federation to meet us in Delhi to discuss the question and though I cannot say that either of these bodies welcomed the proposal with open arms, I think we did convince them that some such action was inevitable. We went a long way to meet them by making the surcharge inoperative on bunker and export coal from Calcutta and also by making it inoperative on soft coke. Since the surcharge came into force certain Railways have quoted special station to station rates where they have thought the traffic was being affected by the surcharge. The Bengal Nagpur and the East Indian Railway have quoted special rates from the Bengal coalfields to Bombay for example. I am afraid, therefore, that in view of the difficulties which I have placed before you I must oppose the first part of the Resolution and the amendment.

Now, we come to the second part of the Resolution. I am afraid that for much the same reasons as I have already given I cannot accept this either. All I can say is that I shall have the question very carefully examined and if after this examination we decide that our traffic has been seriously affected by the surcharge or if it appears that industry has been seriously affected, we shall reconsider the whole position and if it looks as if an alteration in the surcharge would improve our traffic and help industry this will certainly be given due consideration.

The Honourable Sir Phiroze Sethna has raised the question as to whether a lower surcharge for distances over a 1,000 miles is not undue preference. I am not a lawyer—I do not know very much about the law—but as far as I can see it is merely an extension of the principle of the telescopic scale and there is no objection to it whatsoever. At least that is my reading of the position. However, that is a matter that can also be examined. I do not think, Sir, that I have very much more to say. My Honourable friend, Sir Edward Benthall, has already explained to the Honourable Sir Phiroze Sethna the position as regards the Central Provinces coal rates.

Sir, I oppose the Resolution.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Sir, I am glad that most of the Members who have spoken have practically supported my Resolution. My esteemed friend, Sir Phiroze Sethna, raised a point that it will amount to discrimination in case there is any further reduction in freight made by the doing away with the surcharge for coal carried a 1,000 miles and over. He quoted that under the Railway Act this could not be done. For his information I might say, Sir, that, as far as Bombay is concerned, Bombay is already having discriminatory treatment like other parts. Why should Government in its Railway Department discriminate in favour of Bombay or any other part as against the Punjab ? Under the Act which my Honourable friend quoted they cannot do away with the surcharge at Bombay or other parts. My friend has quoted the case of the Ahmedabad mills. In that connection, Sir, I see that Ahmedabad is about 300 odd miles from Bombay and perhaps 100 odd miles from Bhavnagar and about 66 miles from Cambay (Kathiawar ports), and the shipping freights to Bombay or Kathiawar ports is Rs. 5-4-0 a ton as against Rs. 12-4-0 a ton at Lahore. So even in case the Ahmedabad mills pay surcharge on that small distance it will not amount to much.

Sir, the Honourable Sir Guthrie Russell has said that in the Punjab we have got cotton at our doors and the price of cotton will balance the extra charge suffered by this surcharge on coal. I might inform my Honourable friend that Bombay, the Central Provinces and Madras have got an equal cotton situation, similar if not better than the Punjab. The Central Provinces has got nice cotton at its doors, Madras has got superior cotton at its doors and so has Bombay. My Honourable friend, I think, has been labouring under some misunderstanding when he made that statement.

THE HONOURABLE SIR GUTHRIE RUSSELL : I was only comparing Lahore and Cawnpore.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : My friend says that he was only comparing Lahore and Cawnpore. I might, for his information, state that in and around Cawnpore a lot of cotton is grown, and that its mileage from the Central Provinces is much less than half the mileage from the Central Provinces to the Punjab.

My Honourable friend Sir Phiroze Sethna said that I was putting out the Central Provinces coal mines by my proposal of doing away with the surcharge for distances of 1,000 miles and over. He asked, "Why 1,000 miles ?" That figure was arrived at at the interview I had with the Honourable the Chief Commissioner of Railways. The 1,000 mile limit was taken with his concurrence. I am quite prepared to bring that mileage limit down to 700 or 800. The Central Provinces produced in 1931, 10,04,391 tons of coal. Perhaps my Honourable friend Sir Guthrie Russell is aware that His Excellency the Viceroy only recently, last week, opened the hydro-electric scheme in the Punjab. In that scheme Sir Guthrie Russell will find a very keen competitor and in case this surcharge continues to be levied, I am pretty certain that the coal traffic, as far as the Punjab is concerned, is bound to fall very heavily. I am glad that this competitor will soon show itself, and competition will force the Railway authorities to withdraw from the role of dictator. This will be a good time for examining this question closely and not to let Railways lose the present traffic earnings which they now get from carriage of coal. My friend says that the surcharge brings in Rs. 64 lakhs to the revenues of the Government, including Rs. 20 lakhs paid by Railways on their coal and which

is borne by the taxpayer but he does not say what amount out of this Rs. 64 lakhs is earned from the traffic for a 1,000 miles and over. My contention is that the amount is very small and that Government can well afford to lose it, and counterbalance the loss by increased traffic probably. Then he said that the Indian Mining Association and the Indian Mining Federation did not moot this point with great zeal. I might say that the quantity of long distance traffic of coal being too small might have led these Associations not to press the point much that I am now putting before the House.

THE HONOURABLE SIR EDWARD BENTHALL: Every ton is of importance to the coal industry nowadays.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: There is a statement from a commercial magnate. He says that as far as these Associations are concerned, every ton is of importance. I hope my Honourable friend Sir Guthrie Russell will be able to give a statement to this House as soon as possible and before this Council session ends whether he will be able to meet the demand made in my Resolution.

With these words, Sir, I commend my Resolution for the favourable consideration of this House.

THE HONOURABLE THE PRESIDENT: Resolution moved :

"That this Council recommends to the Governor General in Council to withdraw the surcharge levied on railway freight on coal or failing that substantially to reduce the surcharge on carriage of coal for distances of 1,000 miles and over."

to which an amendment has been moved—

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I meant to say, Sir, that I wanted to withdraw the Resolution on the assurance given by the Chief Commissioner of Railways.

THE HONOURABLE THE PRESIDENT: You did not say so. You wanted the Resolution to be favourably considered by the House. Is it your pleasure that leave be given to withdraw this Resolution ?

HONOURABLE MEMBERS: Yes.

The Resolution was, by leave of the Council, withdrawn.

The Council then adjourned till Eleven of the Clock on Monday, the 20th March, 1933.



COUNCIL OF STATE.

Monday, 20th March, 1933.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

ADMINISTRATIVE ARRANGEMENTS IN SORTING OFFICES OF BOMBAY, CALCUTTA AND MADRAS.

169. THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI: (a) Will Government be pleased to state whether it is a fact that owing to the special conditions obtaining in the presidency towns, the sorting work is centralised in a separate sorting office so as to afford facilities to the public to post letters till a late hour and for the performance of the sorting work quickly and efficiently by a special trained staff?

(b) Is it a fact that recently the Madras General Post Office and some of the town sub-offices were required to perform detailed sorting of unregistered letter mail articles and to make up labelled bundles for over 150 offices?

(c) Is it a fact that in most of the post offices, officials who have duties other than sorting work are compelled to assist the sorting clerk after they have finished their day's work?

(d) Is it a fact that the sorting work performed by the town sub-offices in Bombay and Calcutta is not of such a detailed nature as that recently introduced in Madras?

(e) Is it a fact that the clearances of all outside letter boxes situated in very busy localities in Madras City are made half an hour earlier than before?

(f) Has it been represented to Government that the changes introduced in the sorting work cause difficulties to the public, the department and the staff? If so, do they propose to abandon those changes? If not, why not?

THE HONOURABLE MR. J. A. SHILLIDY: Administrative arrangements within an office are matters within the competence of the head of the office and Government have no reason to believe that facilities which have hitherto been afforded to the public have been lessened in any way by the changes to which the Honourable Member refers.

RECOMMENDATIONS OF THE GOVERNMENT OF INDIA ON THE APPOINTMENT OF A STATUTORY RAILWAY BOARD.

170. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA: 1. Has Government been asked to state its opinion on the appointment of a Statutory Railway Board by Whitehall?

2. If so, will Government be pleased to state its recommendations?

THE HONOURABLE SIR GUTHRIE RUSSELL: 1. Yes.

2. I regret the matter is strictly confidential at the present moment, and I cannot give any information on the point.

THE HONOURABLE MR. G. A. NATESAN : Has the idea of a Statutory Railway Board as adumbrated in the White Paper met with the acceptance of the Government of India ?

THE HONOURABLE SIR GUTHRIE RUSSELL : As I have said, the matter is confidential at the present moment and I cannot give any information.

PLACING OF THE APPOINTMENT AND CONTROL OF THE RAILWAY BOARD UNDER THE FEDERAL ASSEMBLY.

171. **THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA :** (a) Has it been represented to Government that there is a strong feeling in India to the effect that the appointment and control of the Railway Board must be placed under the Federal Assembly ?

(b) If the answer to the above question is in the affirmative, has Government voiced this feeling ?

(c) If the answer to part (a) is in the negative, will Government be pleased to state what steps it took to ascertain the Indian view point ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a), (b) and (c). In framing their views on the subject Government paid full attention to the opinions expressed on this question during the Railway Budget debates in the past.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Has it been forwarded to the Secretary of State ?

THE HONOURABLE SIR GUTHRIE RUSSELL : All budget debates go to the Secretary of State.

SEPARATION OF BURMA.

172. **THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA :** (a) What is the position of Government in regard to the separation of Burma ?

(b) Is Government satisfied with the position produced by the Resolution adopted by the anti-separatists in the Burma Council just after the election of the new Council on the question ?

INVITATION OF BURMESE DELEGATES TO THE JOINT PARLIAMENTARY COMMITTEE.

173. **THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA :** (a) Is it the intention of Government to recommend to the Secretary of State for India to invite Burmese delegates to the Joint Parliamentary Committee ?

(b) If the answer to the above question is in the affirmative, what will be their number ? If it is in the negative, will Government be pleased to state reasons ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : With your permission, Sir, I propose to answer questions Nos. 172 and 173 together. I am not in a position to supply the Honourable Member with any information. The matters referred to are entirely for His Majesty's Government.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Has no inquiry been made from the Secretary of State by the Government of India ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : That is more than I am allowed to tell.

REASON WHY THE AIR MAIL OF 7TH MARCH, 1933, WAS NOT TAKEN OVER BY IMPERIAL AIRWAYS AT KARACHI.

174. THE HONOURABLE MR. F. MILLER (on behalf of the Honourable Mr. Bijay Kumar Basu) : 1. Will Government be pleased to indicate the reason why the air mail that left Delhi on the 7th March last was not picked up by Imperial Airways at Karachi on the 8th ?

2. Is it a fact that the air mail from Delhi reached Karachi at 9-03 A.M. on the 8th March last and that although the Imperial Airways machine did not leave Karachi till 9-10 A.M. on the 8th March it could not take up the Delhi mails because the mails had not been sorted ?

3. Is it a fact that the air mails posted at Delhi on the 7th would not reach their destination till a week after their normal time of arrival ? Have Government received complaints of the consequent disappointment of the public and possible great injury to business ?

4. What steps do Government propose to take for preventing a recurrence of delays like this ?

THE HONOURABLE MR. J. A. SHILLIDY : 1. The late arrival of the aeroplane of the Delhi-Karachi Air Service at Karachi was responsible for the misconnection. The machine was delayed by engine trouble combined with strong head winds, by reason of which the pilot was only able to reach Gadro Road before nightfall on the 7th March.

2. The air mail from Delhi reached Karachi at 9-8 A.M. on the 8th March, and the Imperial Airways machine left Karachi at 9-15 A.M. The interval of seven minutes was too short for the requisite operations in connection with the transfer of air mails from the Delhi-Karachi plane to the Imperial Airways plane.

3. Yes.

4. Arrangements have since been made for the preparation of a direct air mail bag from Delhi for London containing correspondence for the United Kingdom. This bag will be transferred unopened to the Imperial Airways plane in cases of delay in the arrival of the Delhi-Karachi plane at Karachi.

Arrangements have also been made to place an aerodrome floodlight at Hyderabad to permit of night landings being made by the Delhi-Karachi mail aeroplane and thus enable a certain amount of time to be made up when the aeroplane is delayed on the early part of the flight.

THE HONOURABLE MR. E. MILLER : Is it a fact that on this occasion the French Air Service offered to carry our Delhi air mails free of cost as an act of courtesy and that, although the postal authorities at Karachi communicated with the authorities here, the general public were deprived of this facility? If so, can Government give any adequate reason for an explanation of this?

THE HONOURABLE MR. J. A. SHILLIDY : Sir, by the time the information reached us that the French aeroplane was willing to do this, that machine had already left Karachi.

LEGAL PRACTITIONERS AMENDMENT BILL.

THE HONOURABLE MR. VINAYAK VITHAL KALIKAR (Central Provinces : General) : Sir, I beg leave of the House to introduce a Bill to amend the Legal Practitioners Act, 1879.

Sir, the object of the Bill is to remove an anomaly due to the interpretation of clause (f) of section 13 by various High Courts in India. Clause (f) of section 13 was never intended to punish legal practitioners for activities which did not come under section 13, I mean activities not connected with their profession. Under the Legal Practitioners Act the High Courts have jurisdiction to disbar or suspend practitioners for activities as defined in sections 12 and 13. Under section 12 the High Court can disbar or suspend any legal practitioner for any offence committed by him involving moral turpitude. Clauses (a) to (e) of section 13 deal with improper behaviour and misconduct on the part of a legal practitioner. I will not go into details at this stage. Briefly, clauses (a) to (e) of section 13 empower the High Court to disbar or suspend a legal practitioner if he is found to have committed an act which is grossly improper or if he has engaged touts or bribed people to bring him clients. And the last clause is a residuary clause which says that for any other reasonable cause the High Court has got the power of suspension. Certain High Courts in India—in my province the Judicial Commissioner's Court—have taken action under this clause, which I submit does not come under the purview of this clause. I find authority for this statement of mine in 3 Lahore Full Bench Case of the Privy Council. So my intention in moving this Bill is to remove this anomalous position and to bring, if there are any doubts, the present law in consonance with the ruling in 3 Lahore Privy Council Case.

With these words, Sir, I move.

THE HONOURABLE MR. M. G. HALLETT (Home Secretary) : According to the convention which is followed in this House, Government do not propose to oppose in any way the introduction of this Bill. They leave themselves free to decide in future stages what action they will take.

THE HONOURABLE THE PRESIDENT : The question is :

"That leave be given to introduce a Bill to amend the Legal Practitioners Act, 1879."

The motion was adopted.

THE HONOURABLE MR. VINAYAK VITHAL KALIKAR : Sir, I beg to introduce the Bill.

RESOLUTION *RE* AMENDMENT OF THE IMPERIAL BANK ACT, 1920 (XLVII of 1920).

THE HONOURABLE SARDAR BUTA SINGH (Punjab : Sikh) : Sir, I rise to move :

“That this Council recommends to the Governor General in Council to introduce legislation to amend the Imperial Bank Act, 1920 (XLVII of 1920), so as to empower the bank to lend on mortgages of agricultural estates.”

In moving this Resolution I do not think I need dwell on the shortage of agricultural credit which has taken place during the last five years, owing to depression in the prices of agricultural produce. This depression is so world-wide, that even a rich country like America, with its hoards of gold has found it necessary to declare a moratorium. In a country like India where the agricultural population mainly depends on the small credit that it can get from the money-lender or the local banks the fall in prices has completely closed down all credit. The fact is that not only credit has been closed, but liabilities of the agriculturists have been increased a hundredfold. I have to say, and say it with deep regret, that neither the Government of India nor the Provincial Governments have taken any steps to relieve the agriculturists from this heavy burden and to bring about adjustment of their liabilities in relation to the present prices of their produce. Germany faced with a similar position declared a moratorium, which, I believe, is going to lead to liquidation of agricultural debts. What is the Government of India going to do? We hear a great deal of lip sympathy for the agriculturists, but when it comes to any substantial measure of relief, the poor agriculturist is left alone to face his difficulties himself. Take the case of the Imperial Bank. It is a Bank which receives money from agriculturists. It is said to be a State Bank, and yet it is barred from helping agriculturists whose money it banks. Now, I hope this Council will agree with me that this is neither right nor equitable. The State Bank in India, to be worthy of its name, must recognise its obligation to the agriculturists, for India is an agricultural country. You, Sir, can enquire from any Provincial Government and you will find that they are receiving applications from large land-holders to take their estates under the Court of Wards, merely because they cannot raise money to meet their obligations, others are selling off and the small zemindars are being crushed under the heavy burden of debt. I therefore hope this Honourable House will agree with me that under certain fixed conditions, such as a certificate of the Collector of the district as to the valuation of the income of the land, and provision of good management the Imperial Bank should have the power to lend on mortgages of land.

I do not question the wisdom of the authors of the Imperial Bank of India Act, 1920, in imposing certain restrictions on the activities of this Bank but desire to emphasise, firstly, the inadequacy of any financial organisation to meet the wants of the landlord class; and secondly, the different conditions prevailing and the needs felt and to be satisfied in an agricultural country like ours.

I concede the principle that a central or a commercial bank cannot lock up its funds in long term accommodation, but there is a great difference between locking up funds and judiciously advancing to the landlord class. Permissive legislation of this type, leaving the discretion in the matter of advance against agricultural estates to experienced bankers, seeks to avoid

[Sardar Buta Singh.]

the dangers attendant on any policy which may result in freezing the assets of a bank, but keeps the door open to advances to landlords to a moderate extent where necessary.

A very interesting parallel is afforded by the United States of America. In 1913 when the Federal Reserve Bank Act was passed, agricultural advances were precluded from the sphere of activity of the Reserve Banks. Experience, however, taught them how impossible it was to neglect the wants and refuse a hearing to the claims of the farmers. I do not propose to go into the details of the Federal Farm Loan System which has been set up to assist the land-holding element. Both the Joint Stock Banks and Co-operative Credit Societies furnish investment funds and the working capital to farmers. Apart from the Federal Land Banks which have been set up, what I particularly wish to draw the attention of this House to is the Agricultural Credit Act of 1923, which empowers the Federal Reserve Banks, not the Land Banks only, to discount agricultural demand paper. In this wise the central institution indirectly supports agricultural finance. It seems to me desirable that the Imperial Bank should also take up seriously the question of financing agriculture and find ways which have been followed in other countries.

My primary object for drawing attention to this matter is to bring into prominence the lack of credit facilities afforded by the Government and the Bank to agriculturists and particularly to large land-holders. It is an acknowledged fact that agriculture is the foundation of the welfare of this country, and it is not correct to say that this primary industry cannot offer adequate security to cover any credit that is required. Indeed the whole position has been complicated by driving out the *sahukar* and taking no measures to replace him. The Imperial Bank and Exchange Banks refuse credit facilities and the result is that the position of the landlord is continuously deteriorating.

The Imperial Bank Act should be so modified as to permit the bank to devote a part of its funds in affording credit to agriculturists. This can be done by two ways :

- (1) The bank should have a mandate to lend money to estates under the Court of Wards which are under Government management.
- (2) It should also lend money to individuals in whose case the Government is prepared to give an undertaking that in case of default the estate would be taken over by the Court of Wards.
- (3) The bank may appoint its own trustees to take over the possession of an estate and to administer the estate for the benefit of the Bank till the loan is liquidated.

The suggestions that I have made will in my opinion safeguard the bank completely and at the same time afford facilities for the development of agriculture and relief of large landlords in all provinces of India.

It is my opinion and the opinion of a vast number of people in the country that no bank doing business in India should be permitted to carry on work, without taking a license and in this license there should be a condition that a part of the working capital of the bank should be utilised in assisting agriculture. I am not making this recommendation on my own authority. The recommendation was made by the Central Banking Inquiry Committee appointed by the Government of India itself, "that all banks should take a

license". I wish that these licenses should have a provision that a license could only be granted and renewed if the banks undertook to devote part of their capital in financing agriculture.

I hope, taking into consideration the great need of the people of India, the Government will accept this Resolution.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras : Non Muhammadan) : Sir, I am in sympathy with the objects of the mover of the Resolution, but I fear the remedy suggested is most impracticable. The mover wants an amendment of the Imperial Bank of India Act. I am afraid the Imperial Bank cannot lock up their money on mortgages on land. The Imperial Bank must always have ready cash to meet any emergencies as after all they are agents of the Government and the shareholders. Therefore I fear any amendment of the provincial Act will not give facilities to the land-holders for borrowing. As I have already indicated these Imperial Banks must always have ready cash, fluid cash, and their money cannot be locked up on the loans on mortgage of property. I dare say the House is aware when money is lent on these properties, there is difficulty in realising the money. They have to go to court and the court always passes two decrees, one called the preliminary decree and the other the final decree. This takes about six months and the court always takes a sympathetic view of the debtor and gives time under the Transfer of Property Act to redeem the property by payment of decree amount. Therefore six months must elapse before the decree becomes final. And after it becomes final it takes two years to bring the property to sale. And therefore there is a lot of difficulty in the Imperial Bank coming to the rescue of people for the purpose of advancing loans. But the Government have recently started various agricultural land mortgage banks and in the Punjab I find according to the latest report of the Indian Central Banking Inquiry Committee there are about 12 land mortgage banks in the Punjab itself. In Madras itself a bank was recently started. The idea in starting these banks is to advance money through the banks, the interest on debentures are guaranteed by Government. People who wanted long term loans could very well apply on the security of the lands to the land mortgage banks.

THE HONOURABLE SARDAR BUTA SINGH : There are no land mortgage banks in the Punjab.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD : Nor in the United Provinces.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI : It is in the report, paragraph 206, page 279. There are 12 mortgage banks in the province of the Punjab. Co-operative mortgage banks means the mortgage of landed property ?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Which province ?

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI : The Punjab. I am reading from the Report of the Indian Central Inquiry Committee.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : That is wrong.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI : Therefore, I think the Government should undertake to advance large sums of money through these newly started banks to help the land-holders. It is difficult for the Imperial Bank to go and lock up its money. Even now there is a provision to lend money to banks such as land mortgage banks. As a matter of fact they cannot lend on mortgage of property under the present Act. They can only lend on Government securities, shares and bills of lading but I do not think they can lend on property. But my Honourable friend's proposition to amend the Act—if it is amended it will be full of difficulty and impracticable. Therefore the only suggestion I would throw out, while sympathising with the objects of the mover, is that the Government could very well indicate their sympathy by pressing Local Governments to advance through the central land mortgage banks. These land mortgage banks were started to relieve the burden of the land-holders who want long term loans.

For these reasons, Sir, I am sorry I cannot support the Resolution.

THE HONOURABLE MAHARAJADHIRAJA SIR KAMESHWAR SINGH OF DARBHANGA (Bihar and Orissa : Nominated Non-Official) : Mr. President, I rise to give my whole-hearted support to the Resolution which has been moved by my Honourable friend from the Punjab. I shall confine my observations to the facts that have reference to the class to which I have the honour to belong, *viz.*, land-holders.

Sir, this world-wide economic depression has worked havoc among them. Many valuable zemindaries have been sold for Re. 1 for default of revenue because their proprietors have not been able to realise money from their tenants. The prices of agricultural produce have gone down. The poor tenants are unable to make both ends meet. They have no money to maintain themselves and their families, not to speak of their paying their rents to the landlords, who they know, under the existing law can realise after a good deal of delay and even as a last resort get only land. The land-holders have therefore to go about and borrow money for the preservation of their ancestral property. Often they have to pay unusually high interest and agree to harrasing terms. But nowadays they do not succeed even in that, the money market being so tight, and have to allow their properties to be put under the hammer for default of Government revenue and cess.

Sir, although the situation has been aggravated by the economic depression, the landlords are even in ordinary times in need of money for the preservation and improvement of their zemindari. They cannot undertake any capital expenditure, howsoever profitable, because, in the first place, they cannot get sufficient money on easy terms, and, in the second place, even if they do effect any improvement they find themselves in a difficult position afterwards on account of the terms imposed upon them by their creditors.

The system adopted by co-operative societies has, as experience shows, failed to bring relief either to landlords or tenants. Rather, they bring about hardship to both in a peculiar way.

In fact, the position today is that the credit of agricultural estates has considerably gone down and unless some steps are taken to enable the interests subsisting on agriculture to rehabilitate it the most important stay of the people of this great agricultural country will very greatly deteriorate.

I hope, Sir, that the Government will see their way to accepting this Resolution and thus give proof that they are prepared to lend a helping hand

to a class who have always remained loyal to them and who are on the verge of extinction.

With these few words, Sir, I support the Resolution.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern : Non-Muhammadan) : Sir, I rise to support the Resolution. The Honourable Maharajadhiraja of Darbhanga, whom I congratulate on his maiden speech, has depicted the sad plight to which the land-owning classes have been reduced on account of the unprecedented depression in agriculture. Speaking of my province, let me tell the House that, while the United Provinces Government have given generous remissions of rent to the tenants, the grievance of the land-owning classes is that remissions in land revenue have not been granted in the same proportion as remissions in rents ; although the tenancy law lays down that remissions in rent shall be in the same proportion as remissions in land revenue. The result is that the land-holders of the United Provinces are hard hit and the bulk of them cannot find money to pay up their land revenue, much less to make the two ends meet. Consequently, a number of zemindars are compelled to have recourse to borrowing. Now, there are two pieces of legislation in contemplation by the United Provinces Government. One of them is meant to impose restrictions on the alienation of land and the second to impose restrictions on money-lenders. The result of these two pieces of legislation, if they are passed, will naturally be that agricultural credit will receive a great blow and the land-holding classes will not easily be able to borrow money because money-lenders will be loath to advance loans under the changed conditions. The House can very well imagine to what plight the zemindars will be further reduced on account of the proposed legislation. And now the demand of the land-owning classes in the United Provinces is that the Government should establish land mortgage banks to take the place of the private money-lender and thus to come to the rescue of the land-owning classes. My friend the Honourable Mr. Chetti has said that the zemindars could have recourse to land mortgage banks to borrow money. Well, if there are land mortgage banks in the country I think the zemindars will be only too glad to have recourse to them. But I waited in vain till my Honourable friend finished his speech to know if he would tell us how many land mortgage banks already existed in the country.

THE HONOURABLE MR. H. M. MEHTA (Bombay : Non Muhammadan) : Are there not co-operative credit societies ?

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI : I have mentioned that.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD : In my province the co-operative societies do not lend money to zemindars on mortgages of land.

THE HONOURABLE MR. G. A. NATESAN (Madras : Nominated Non-Official) : Their operations are limited.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD : Their operations are limited. They advance loans to cultivators. Now I learn from my Honourable friend Sardar Buta Singh that there are no land mortgage banks in the Punjab. Nor are there any such banks in the United Provinces.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK (West Bengal : Non-Muhammadan) : Neither in Bengal.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal : Muhammadan): None in Bengal.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: My Honourable friends from Bengal say that there are no such banks in Bengal either. Perhaps such banks exist in Madras alone from where my Honourable friend Mr. Chetti comes ?

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI: There is a land mortgage bank in Madras.

THE HONOURABLE MR. V. C. VELLINGIRI GOUNDER (Madras : Non-Muhammadan): There are land mortgage banks in Madras but their actions are very limited.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: Unless therefore the Government are in a position to establish land mortgage banks in the country I think they must make the amendment in the law as suggested in this Resolution and empower the Imperial Bank to advance money on mortgages of land.

I think, Sir, this is a very reasonable proposal and the Government should see their way to accept the Resolution.

THE HONOURABLE SAYIED MOHAMED PADSHAH SAHIB BAHADUR (Madras : Muhammadan): Sir, I give my whole-hearted support to this (Resolution which suggests giving relief to the zemindar who stands much in need of it. Sir, it is a matter of common knowledge that of all the people in the country, the zemindar has been hit the hardest by the present economic depression. Sir, nearly two-thirds of the population in the country is engaged in agriculture. Therefore, Sir, anything that concerns the welfare of the zemindar must have a primary claim on the attention of the community and of the Government which manages things in the interests of the community. Sir, it is on this account that the problem of the indebtedness of the agricultural population always claimed great attention in all attempts that have been made to ameliorate the condition of the people in the country. Sir, this Resolution which has been moved by my Honourable friend Sardar Buta Singh suggests a method by which this indebtedness may be somewhat reduced by making loans available to the zemindars on terms which are much easier than those on which they are able to borrow money from the ordinary money-lenders. Sir, owing to some cause or other, the failure of the monsoon and so forth, the zemindar has always been forced to fall into debt. Ordinarily, the money-lender takes undue advantage of the need of the zemindar and charges a very high rate of interest. The result is that even though the zemindar, on account of dire necessity, consents to the rates stipulated, he finds ultimately that he is not at all in a position to repay the money he has borrowed, and he goes on borrowing time after time and ultimately is brought to the very verge of ruin. If this state of things is to be prevented, I think that some such method as has been suggested by the mover of this Resolution should be adopted.

THE HONOURABLE MR. VINAYAK VITHAL KALIKAR (Central Provinces : General): Sir, I rise to support the Resolution which has been so ably moved by my Honourable friend Sardar Buta Singh. I am glad to find that the biggest landlord in this Honourable House has also supported this Resolution. I really could not follow the argument of my Honourable friend from Madras. He started with the presumption that there are already

established land mortgage banks in all the provinces. So far as the Central Provinces and Berar are concerned, I can say that there are no land mortgage banks there and whatever co-operative banks there are, they do not lend money to the zemindars or malguzars. The petty malguzars and even the big malguzars are in a very bad condition owing to the present economic depression. The credit of these people has gone down and they find it very difficult to get money at a lower rate of interest in the market. The suggestion of my Honourable friend Sardar Buta Singh is a very innocent one and I hope it will relieve the difficulty of the malguzars and the land-owning classes of my province. The Local Government of the Central Provinces has recently passed an Act, namely, the Debt Conciliation Act, with a view to bring down the indebtedness of the agriculturists and the tenants, but they have not taken any action so far for lending at a lower rate of interest to the agriculturists as well as to the malguzars. The law that exists in my province about payment of land revenue to the Government is so strict and so rigid that if a malguzar fails to pay his land revenue on a particular date or within a time fixed after that date by the Government, not only does his property go, but he also has to go in the civil jail. In these circumstances, Sir, I think the suggestion of my Honourable friend is a very reasonable one and I accord to it my whole-hearted support.

THE HONOURABLE SIR EDWARD BENTHALL (Bengal Chamber of Commerce): Sir, I am naturally in sympathy with the objects which the Honourable mover and his supporters wish to achieve, because we all recognise that the question of agricultural indebtedness is one of the biggest problems in front of the country today, but I do not think that the mover has hit upon the right Resolution to solve this problem. If he had moved a Resolution for the creation of land mortgage banks or some other remedy of that sort, I might have been able to support him, but in its present form I am afraid I cannot do that. I am a Director of the Imperial Bank, but I am not speaking in that capacity, because I have no ideas as to what the views of the Bank are on this subject. But my purely personal views are that the Resolution would be unwise and not for the general benefit of the country. Agricultural loans are probably the most rigid form of loans for a bank to invest its money in. Banks all over the world who have got involved in this form of loan have recently got their assets so frozen that they have had to close their doors in many cases. We may take a case fairly nearer at home. We have the position of the Chetty banking community in Burma. There, owing to the fall in the value of paddy lands against which they had made advances when paddy lands were worth more than what they are today, the community is very seriously involved. The property is there, but it has not only depreciated in value but it has become unsaleable. We may take another case. The Honourable Maharajadhiraja of Darbhanga, whom I may congratulate on his brief and lucid maiden speech, has pointed out that properties in his district have been sold for one rupee. Obviously a bank which involved itself in that way and had to carry losses of that sort would not last very long. Turning to Bengal, we have the present situation of the loan companies there. The Honourable mover mentioned the United States of America as an interesting parallel. It is an interesting parallel to note that in the last two or three years of 24,000 banks which existed in that country some 6,000 have already closed their doors, and we of course know the situation which has arisen out of the recent banking crisis. That was largely due to the locking up of funds in immoveable property. Now, it is unsound for any bank other than one specially created for the purpose to tie up its money. But it is particularly

[Sir Edward Benthall.]

unsound for the Imperial Bank, which is the Central Bank for India, the bankers' bank, and has to keep its money particularly free. Even if this Resolution were passed, it would not probably achieve its object, because if the Boards of the Imperial Bank were doing their jobs, they would be unwise to lend any very large sums on agricultural estates for the reasons which I have given. So that, from that point of view it would not achieve its object.

There is one other point which I think should not be lost sight of, and that is this, that very shortly, in the very near future, we hope there will be a Reserve Bank. When that Reserve Bank is created it will be necessary to alter the Imperial Bank Act throughout, and it would be a more suitable occasion in my opinion to examine the question of a revision of this nature when the revision of the Imperial Bank Act is taken in hand.

For these reasons I regret I cannot support the Resolution before the House.

THE HONOURABLE MR. G. S. KHAPARDE (Berar Representative): Sir, I rise to support this Resolution because the principle is not derived from any text books on political economy and the theory of commerce, which is based on commercial practice. Land has never been the subject of commerce. Land tenures in England are well known to be so intricate that there is a special branch of law and learning dealing with it. It is the same in India, where land tenures are even more various and intricate. Political economy therefore deals almost entirely with moveable property and cash, and it has little to do with what is called real property. Therefore consideration of this question and arguments about it arise out of two different points of view. The commercial man requires ready money to be able to transfer it from one business to another or to send it from one country to another. The commercial man wants cash in hand. The agriculturist does not want cash in hand. He has put his money into the land and his labour into the land—more labour than money usually—and he looks for a return at the end of the year. In the meantime he has no necessity to change his plough into something else or his bullocks into something else. His business goes on. The object of banks as they stand now is to turn over the money as fast as possible and the faster they can do it the better; whereas the agriculturist requires a source of money which is steady and which does not make demands out of season which put him in a difficulty. What has happened in my province is rather amusing. When the British administration took over control with its Transfer of Property Act and other Land Acts, nothing was done to protect the agriculturist at all. In the usual way a man mortgaged his land and the mortgagee brought a suit and foreclosed. That gave a tremendous advantage to the money-lending class. In fact I know of some villages in my province which are entirely owned by the Marwaris. Although the poor people cultivate the land by agreement, the cream of the land, the whole profit goes to the money-lender, and the money-lenders prosper tremendously. But in the last three years what has happened is that the crops have failed, and the money-lenders who now own the land have had to make good the Government assessment out of their own capital. If they did not, the land was brought to sale or Government would confiscate it. So in the first year the money-lender paid up. But the next year the same thing happened. The money-lender, the owner of the land, cannot himself go into the fields and cultivate the land. He has to employ these poor people, the original owners, and he has to pay them to work for him. And when the time for payment of assessment came he again had to pay out of his own pocket because the return from the land was not sufficient.

The third year the same thing happened, and what was the consequence. I know of certain Marwaris who, not having money to pay their assessment have had to let go their land. They enjoyed the profit in good times, but when there is a loss they have to suffer. I know of a large number of cases where the land is left uncultivated because the Marwari owner has not got the money to cultivate it. He cannot do it personally and he has to pay ready money wages to get it done, and where is the ready money to come from. So the Marwaris are losing their estates and I am very pleased. I know of a village the whole of which was owned by a Marwari who had taken it over on mortgages. But in the lean years which have come he has been unable to pay for the land and all the land has gone back to Government and the Government will let it out under some other settlement. I have laughed at his dispossession.

But this sort of thing gives rise to other thoughts. Land is a thing which a man likes to own. He hates to part with it. I know of people who own quite small plots of land which have been in their family for generations. They take pride in the fact that land has been handed down in direct descent for 400 or 500 years. But the British law has altered that in many cases. There is simply one rule—if you do not pay up the revenue assessed the land is confiscated. This has seriously reduced the old yeomanry of India; the people who stuck to the land and fought for the land and would rather die than give it up. That class is dying out and in their place we have now merely mercenary owners. That may or may not be good economy, but it really is not good politics. We want to instil again that ancient yeoman spirit into the people who own land, the pride of possession and love for land, the desire to stick to it and work for it and to lay down their lives for it. I have thought long over this matter. I did not know how to give expression to my feelings. But fortunately this Resolution has come up and it gives me the opportunity of saying that, although our laws may be very good for commercial purposes, for administrative purposes and the real good of the people, we ought again to foster the old love of the land. Under Indian rule no *mirasa* land could ever be sold by any creditor. It was known as *miras* land. Under that tenure the landlord could not raise the rent, and even if the rent was not paid the landlord could not take the land away from you. I had to study these matters once for a different purpose. Government then said, “We will give land on 30-year leases and that will be *miras* land.” I said, No, it is not *miras*, because even within that 30 years, if I fail to pay revenue you will take away the land.” *Miras* land could never be sequestered, could never be attached or taken away. There was a great administrator in Bombay who wrote out the first law and the first book on that subject. Ultimately old tenures have been abolished—old tenures which gave men pride in their property—

THE HONOURABLE THE PRESIDENT: We are pressed for time today and the Honourable Member will kindly limit himself strictly within the four corners of the Resolution.

THE HONOURABLE MR. G. S. KHAPARDE: Then I shall finish in two words. The old spirit should be revived. I submit that this idea is good and for the present if nothing more can be done, the bank can certainly have a department called the mortgage department. Instead of starting new institutions, it is better to have a sub-division called the mortgage department. On these two grounds, better administration and agricultural interests, I support this Resolution.

THE HONOURABLE MR. J. B. TAYLOR (Finance Secretary): Sir, I do not think that it is necessary for anybody rising in these Benches in this House to say how fully Government realise the importance of preserving agriculture in India in a sound and healthy condition. We realise that agriculture is the hub of the whole Indian financial structure and that if the agriculturist is not prospering the rest of India also cannot prosper. At the same time I am afraid that the wording of the Resolution is not one which we can accept. The method of assistance proposed is not one which we, or I think anybody with financial experience, could accept as the proper method for meeting the object desired. Bank assets must be liquid, that is to say, a bank cannot lock up its money in such a way that if need arises it cannot draw upon its resources without undue delay or loss. That is true of all banks and particularly of a bank like the Imperial which holds Government balances and which must be the centre of the financial and credit structure of the country. There is an idea that there is a great deal of Government money in the Imperial Bank. What is the fact? The real fact of the matter is that by far the largest part of the money is deposited by the public; Rs. 75 crores has been deposited by individuals in this country as compared with approximately Rs. 7 crores by Government. If that money is lost, who suffers? Not an impersonal entity, the Imperial Bank, or any vague entity, the Government, but the individual who has deposited his money either for no interest or at very low rates of interest in order to have it secure; and the difficulty is that, as the Honourable Sir Edward Benthall and Diwan Bahadur Narayanaswami Chetti have pointed out, land mortgages far from being liquid are the most frozen investment which anybody can make. The complexities of land law are such that for reasons which possibly are very sound it is very difficult indeed to recover any loan particularly at a time of agricultural depression. I read the speech of the Honourable Mr. Jagdish Prasad as one of the strongest condemnations of the actual proposal. He pointed out that in the United Provinces as a result of economic depression measures were being taken to make it less easy for money-lenders to recover their debts. The Honourable Mr. Khaparde related with great glee the predicament of various Marwaris. I wonder whether the country would share his glee if the Imperial Bank of India was to be placed in the same predicament.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: On a point of personal explanation, Sir. I said that the United Provinces Government contemplated legislation whereby restrictions were going to be placed on private money-lending so that agricultural credit would receive a shock and it would not then be easy for the zemindars to borrow money. Therefore some agency should be set up to replace private money-lenders.

THE HONOURABLE MR. J. B. TAYLOR: I heard the Honourable Mr. Jagdish Prasad; I admit that that is his point and that is my point too. Money-lending will be made more difficult. If the Honourable Mr. Jagdish Prasad was getting up in the United Provinces Legislative Council to suggest that measures should be taken to facilitate money-lending to agriculturists by approved institutions, it would be a different question, but to come up in the Central Legislature without suggesting any modification of the land law of the provinces and ask that some new lender should be found to lend on worse security strikes me as an entirely different and much less acceptable proposition. I also consider that there is a certain amount of vagueness as to the actual position. The question was exhaustively examined by the Banking Enquiry Committee. That Committee cost Rs. 13 lakhs, and I was very sorry to see that in spite of the large expenditure of money its report had obviously not

been read by many of the contributors to the debate. We find from it what steps have already been taken. There are 12 co-operative mortgage banks in the Punjab ; there are several in other provinces. At the same time I do not wish to press that point, because land mortgage business has not developed to the extent to which it may be considered desirable and the Banking Enquiry Committee which exhaustively examined the question made recommendations for the promotion of land mortgage banks. That is a question which depends entirely on the provinces and will depend on the provinces to an even greater extent under the new constitution. It would be quite impossible at present with variations of land law all over India for one all-India institution to undertake to lend money on mortgage. That is a matter which must first be cleaned up in the provinces concerned. Later on when the provinces have cleaned it up, have brought borrower and lender together, it may be possible for the Imperial Bank or the Reserve Bank or whatever bank may be in charge of the credit of the country to make advances on a proper financial basis, but the first stage must be examined in the provinces, and that is what we have asked the provinces to do.

I would also like to add that advance on mortgage is not the only way nor I hope the principal way in which financial assistance may in future be rendered to the agriculturist. The Reserve Bank Bill proposed that demand bills on agricultural produce should become one of the main features of the credit structure of this country, that is to say, that the agriculturist should have greater facilities for obtaining money on a more liquid security, namely, his crops, and if he can obtain his help in that way we can hope that the need for mortgaging his property will become less insistent.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : May I enquire whether the loan will be on standing crops before the harvesting is finished or on stored produce ?

THE HONOURABLE MR. J. B. TAYLOR : So far as I remember, the Bill was that six months' credit should be given. The initial credit would be given by the local bank which I presume would advance on standing crops as well as on produce ; that was one of the reasons for wanting six months and not three ; but it is premature to go into those details at present. My point is that these are questions which can be discussed, and which will be discussed when the Reserve Bank comes forward for consideration. At present the Imperial Bank happens to be our Government bank, but we all recognise that as at present constituted it cannot fulfil all the functions of a Government bank and that is why a Reserve Bank was held to be necessary to co-ordinate the credit structure of the country. When that stage arrives, I am sure that everybody will recognise the fundamental importance of giving agriculture its proper place. I submit, Sir, that this is not the proper way, nor the proper time, in which this matter should be approached, but at the same time I would make it clear that Government view the object underlying the Resolution very sympathetically and that when the time comes, that is to say, when the Reserve Bank comes under discussion, it will be considered and Government will insist on the paramount importance of giving proper facilities on a proper financial basis for the development of agriculture in this country.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : (Punjab : Non-Muhammadan) : Sir, I rise to support the Resolution
12 NOON. which has been so ably moved by my friend, the Honourable Sardar Buta Singh, and very well supported by the Honourable Maharaja-dhiraja Sir Kameshwar Singh of Darbhanga. Sir, I expected from the

[Rai Bahadur Lala Ram Saran Das.]

Honourable Mr. Taylor with the great sympathy and regard which he has for the cultivator and for the land-holder, a favourable reply. The reply which he has given is very disappointing. Sir, the Honourable Sardar Buta Singh has observed that the *sahukar* has not been replaced. As far as the Punjab is concerned, the object of the Punjab Land Alienation Act was to save the poor land-holder from the clutches of the petty money-lender and to better his condition. What has happened in the Punjab? The money-lending classes which used to lend money before are fast disappearing and a money-lending class out of the agricultural classes themselves has arisen which is charging extortionate rates of interest. From the Blue Book of the Punjab Commissioner of Income-tax, I understand, Sir, that the poor cultivator and the small land-holder does not like to have anything to do with the agricultural class money-lender. The name of the Rohtak district is specially mentioned where such agriculturist money-lenders have charged exorbitant rates of interest. Sir, there is no doubt that money lent against agriculture is money locked up to a certain extent but the plight of the land-holders is such that they do require this protection and that protection can only come in case Government comes to their rescue. The demand made by the Honourable mover of the Resolution is a very good one and Government should, in order to support its declared policy for the benefit of the zemindar, translate that assurance into practice.

Mr. Taylor has observed that there are 12 co-operative banks in the Punjab doing the business of lending money against land mortgage. May I ask Mr. Taylor what is the capital of these 12 banks? I know that their capital is very small and that their advances against land mortgage are very limited and wherever money has been advanced against land mortgage very high rates of interest have been charged by these banks. So, Sir, the total capital of all the co-operative banks in the Punjab has not yet reached even one-hundredth the amount of the money which I understand amounted to over 90 crores of rupees which the old condemned money-lender had put in as agricultural advance. I have got no sympathy for those money-lenders who charge very high rates of interest but all the same I would like such money-lenders to be replaced by some sort of an institution by which the agriculturist may get money at cheaper rates of interest and be not in the sad position in which he is at present. (Hear, hear.)

Sir, the Honourable Mr. Taylor has also observed that in the Imperial Bank, although the Government deposits are only Rs. 7 crores, the public deposits are about Rs. 75 crores. Out of these Rs. 75 crores, a good bit has been put into this bank by the agriculturist and it is only fair that from the income that the bank makes from the money of the agriculturist they must in return give some help to their brother agriculturists who are not so well off as those who have put in deposits in the bank.

Sir, the assurance given by Mr. Taylor that, when the new Reserve Bank comes into existence, then the present Imperial Bank Act will be revised does not give any indication of how these land mortgages will be benefited. He has simply said that then money may be advanced on standing crops or on the produce. As far as standing crops are concerned, I do not think that that will materialise very much, but as regards the produce, even now under the present Imperial Bank Act, money can be advanced to anybody against produce whether he is an agriculturist, industrialist or a trader. So no new departure from the present practice is contemplated. Sir, as there has been a very disappointing reply from Mr. Taylor as to how the land-holder will be benefited,

I hope this Council will unanimously adopt this Resolution and thus come to the rescue of the land-holder.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan): Sir, I have not got very much to say about this Resolution as practically everything has already been said by the previous speakers. Sir, we welcome the change in the attitude of the Government of India, which is not as adamant as it had been on previous occasions. While we welcome the change, I am sorry to say that there is nothing substantial in the promise held out by Mr. Taylor. The needs of the agricultural classes cannot be met by promises only, they must be translated into action. Sir Edward Benthall remarked on the illustration given by the Maharajadhiraja of Darbhanga—that a property was sold for one rupee—as an argument against advancing money by the Bank. I regard it as one of the arguments in favour of it. It cannot be said that that property was not worth one rupee. It was due to the fact that there was no competition in the market that the price sank to such an extent. The *real value* of the property does not decrease because of the absence of purchasers. It is more economical to buy the property at a cheap price and thereby make a greater profit on it than to pay a high price and derive a smaller income from it. Take the Government securities, they have appreciated and thereby the yield has decreased because there are more people in the market to purchase securities than formerly when Government had to pay $7\frac{1}{2}$ per cent. for their short term accommodation.

■ Sir, Mr. Taylor has also stressed the fact that the assets should be liquid. The liquidity of assets depends not on the fact whether they are repayable in a shorter or longer period. The bank buys long term securities, but because there is a ready market for it they are not afraid of purchasing long term Government securities. If the Government were to enter this field of agricultural property, it is not only the Imperial Bank alone which will be able to finance the agriculturist, but their entry would also influence other banks to enter this line of business and thereby a market will be created, a demand set up, and the prices will go up and not come down as they are doing at present. It will in a way largely remove all the disadvantages of frozen credit which we hear of now. Sir, if there is one thing that has been made clear by those who are in support of this motion and those who oppose it, it is that the position of the agriculturists at the present moment is very precarious. It is so precarious that no one is ready to help and no one regards agricultural property as of any utility. If this is the condition of 75 per cent. of the people, is it a condemnation of Government or is it something in support of them? Because we form 75 per cent. of the population and our position is very bad, is it unreasonable that we should ask the Government to intervene and help us in certain ways? This Resolution does not seek to force the hands of the Government to take any particular line of action, nor does it force the Imperial Bank to lend its money on good, bad or indifferent securities. It simply wants to take away the statutory bar which exists in the way of agricultural loans. It will remain entirely in the hands of the Imperial Bank whether they regard a person as a good customer and advance money to him or whether they regard him as a bad customer and do not advance any money to him. There are at present two bars, namely, that money cannot be advanced on agricultural property, and that it cannot be advanced for more than six months. These are greatly hindering us. If this Resolution is agreed to, we will not be forcing the Imperial Bank to go out of its way and finance money to unsound customers. Therefore there need be no fear that our assets will be so frozen that they cannot be recovered and the plight of the money-lenders and *mahajans*, which has been cited here, would apply to the Imperial Bank

[Mr. Hoseain Immam.]

as well. As far as the proposal of the Reserve Bank is concerned, that the demand bills on agricultural produce will be treated as negotiable and advances made on them, that does not cure our ills. It is only when there is a dearth of agricultural produce and the crops fail that we want accommodation. Ours is not a day-to-day business. Our business comes in yearly. We cannot pay back in six months' time. It is for these reasons that I commend this Resolution to the House and hope that this House will give a definite opinion in favour of the agricultural classes.

Sir, I support the Resolution.

THE HONOURABLE SARDAR BUTA SINGH : Sir, I have carefully listened to what the Honourable Members have said and particularly to those Members who have opposed my Resolution. They have raised certain objections to which I would like to answer. It has been repeatedly said that the Bank cannot afford to lock up its funds. I would like to point out that, as it is, the Imperial Bank is investing in long term securities and if a little portion of their funds is invested in agricultural property, it will not interfere with the working of the Bank at all as liquid assets are only necessary to a certain extent to meet unforeseen demands. As regards the formation of the Reserve Bank, I think its formation is still in the air and I do not think we need worry very much at this time about what is going to happen in the future. Besides, my Resolution has been put in such a mild form that the Imperial Bank is not compelled by it to advance money, but will be at liberty to do so whenever they consider it safe and advisable. The Honourable the Finance Secretary has not however told us what steps the Government propose to take in order to help the agriculturists, and in the absence of any immediate scheme to finance the agriculturists, I have no option but to press my Resolution to the vote of the House.

THE HONOURABLE THE PRESIDENT : Resolution moved :

"This Council recommends to the Governor General in Council to introduce legislation to amend the Imperial Bank Act, 1920 (XLVII of 1920), so as to empower the bank to lend on mortgages of agricultural estates."

The question is :

"That this Resolution be adopted."

The Council divided :

AYES—21.

Banerjee, The Honourable Mr. Jagadish Chandra.
Buta Singh, The Honourable Sardar.
Gounder, The Honourable Mr. V. C. Vellingiri.
Habibullah, The Honourable Nawab Khwaja.
Hafeez, The Honourable Khan Bahadur Syed Abdul.
Halim, The Honourable Khan Bahadur Hafiz Muhammad.
Hossain Imam, The Honourable Mr.
Jagdish Prasad, The Honourable Rai Bahadur Lala.
Jalan, The Honourable Rai Bahadur Radha Krishna.
Kalikar, The Honourable Mr. Vinayak Vithal.

Kameshwar Singh, The Honourable Maharajadhiraja Sir, of Darbhanga.
Khaparde, The Honourable Mr. G. S.
Mehrotra, The Honourable Rai Bahadur Lala Mathura Prasad.
Mehr Shah, The Honourable Nawab Sahibzada Sir Sayad Mohamad.
Moti Chand, The Honourable Raja Sir. Naidu, The Honourable Mr. Y. Ranganayakalu.
Padshah Sahib Bahadur, The Honourable Saiyed Mohamed.
Raghubandan Prasad Singh, The Honourable Raja.
Ram Saran Das, The Honourable Rai Bahadur Lala.
Sinha, The Honourable Kumar Nripendra Narayan.
Suhrawardy, The Honourable Mr. Mahmood.

NOES—24.

Bartley, The Honourable Mr. J.
 Benthall, The Honourable Sir Edward.
 Chotti, The Honourable Diwan Bahadur
 G. Narayanaswami.
 Choksy, The Honourable Khan Bahadur
 Dr. Sir Nasarvanji.
 Coburn, The Honourable Mr. M. R.
 Cotterell, The Honourable Mr. C. B.
 Devadoss, The Honourable Sir David.
 Drake, The Honourable Mr. J. C. B.
 Dutt, The Honourable Rai Bahadur
 Promode Chandra.
 Fazl-i-Husain, The Honourable Khan
 Bahadur Mian Sir.
 Ghosal, The Honourable Mr. Jyotsnanath.
 Ghosh Maulik, The Honourable Mr.
 Satyendra Chandra.

Hallett, The Honourable Mr. M. G.
 Israr Hasan Khan, The Honourable Khan
 Bahadur Sir Muhammad.
 Johnson, The Honourable Mr. J. N. G.
 Maqbul Hussain, The Honourable Khan
 Bahadur Sheikh.
 Mohta, The Honourable Mr. H. M.
 Miller, The Honourable Mr. E.
 Murphy, The Honourable Mr. P. W.
 Natesan, The Honourable Mr. G. A.
 Noon, The Honourable Nawab Malik
 Mohammad Hayat Khan.
 Russell, The Honourable Sir Guthrie.
 Shillidy, The Honourable Mr. J. A.
 Taylor, The Honourable Mr. J. B.

The motion was negatived.

RESOLUTION *RE* APPOINTMENT OF A COMMITTEE TO ENQUIRE
 INTO AND REPORT ON THE WORKING OF AND RESULTS
 ACHIEVED FROM THE OTTAWA AGREEMENT.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab :
 Non-Muhammadan) : Sir, I rise to move the Resolution which stands in
 my name and which runs as follows :

“ This Council recommends to the Governor General in Council to appoint a Committee
 with a majority of non-official Members of the Central Legislature to enquire into and
 report on the actual working of and results so far achieved from the Ottawa Agreement
 and to consider and recommend to Government measures calculated to increase the
 export trade of this country.”

Sir, my object in moving this Resolution is not that I want to re-discuss
 the Ottawa Agreement. What has prompted me to move it is the grave
 financial crisis now prevailing in the United States of America and of its
 dangerous consequences. The rumours are that the United States will either
 go off the gold standard or that it will depreciate its dollar. If the United States
 do decide, as I understand, to depreciate the dollar, by about 25 per cent., it
 will play havoc with the Ottawa Agreement and with the rest of the world and
 particularly with India. In the interests of India I request Government to
 look ahead and to appoint this Committee, so that whenever that grave crisis
 has to be faced by India we may be prepared for it and not lose time and money
 due to the effects produced by the devaluation of the United States dollar.
 As far as the results of the Ottawa Agreement are concerned, one cannot expect
 very much in the short period during which it has been in force. But, Sir,
 I want to safeguard Indian interests in the near future, and as the outlook
 seems very gloomy and very grave I want the Government to seriously consider
 this matter and to act.

With these words, Sir, I commend my Resolution for the favourable
 consideration of this House.

THE HONOURABLE MR. J. C. B. DRAKE (Commerce Secretary): Sir, with your permission I should like to move an amendment to the Resolution moved by my Honourable friend the Leader of the Progressive Party. My amendment, Sir, runs as follows :

“ This Council recommends to the Governor General in Council to appoint a Committee of this Council with a majority of non-official Members to enquire into and report on the actual working of and results achieved from the Ottawa Agreement and on the result of the measures taken to increase the export trade of this country.”

Sir, by the courtesy of my Honourable friend the mover of this Resolution I have been enabled to have a discussion with him on the subject of his Resolution, and I want to say at once on behalf of Government that we welcome the principle which lies behind the Resolution which he has moved. The object which I have sought to achieve in moving a slightly modified formula for this Resolution is this. This House is aware that Government agreed on a motion in the Legislative Assembly to appoint a Committee of that body for certain purposes in connection with the Ottawa Agreement. Now, it seemed to me that, as there is in any case to be a Committee of the other House, it would hardly be proper to appoint another Committee of the Central Legislature as a whole, which would of course include Members of the other House, to consider much the same point, and to cover very much the same ground. I have therefore in the first place in my amendment substituted the words “ a Committee of this Council ” for a Committee of the Central Legislature.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal: Muhammadan) Council means : Council of State ?

THE HONOURABLE MR. J. C. B. DRAKE : I think the wording there sufficiently conveys my meaning. If anybody wants to move any further amendment to that I shall be quite ready to consider it.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY : Let it not be merely a spectacular Committee, but a real one.

THE HONOURABLE MR. J. C. B. DRAKE : That I think my Honourable friend, Sir, will find is safeguarded by the terms of my amendment.

Now, Sir, in explaining shortly why Government have shown themselves to be quite ready to accept the principle of my Honourable friend's Resolution, I want to say this. As I explained when speaking on the Ottawa Agreement Bill last December, Government at the outset were obliged to take a decision very quickly. They were invited to go to the Imperial Economic Conference at Ottawa to discuss and to decide what they were going to do in a particular set of circumstances. It was quite obvious, Sir, at that time that there was no possibility of Government being able to appoint committees or to move resolutions or anything else. They had to decide what was the right thing to do and they took the step which they believed was the correct step. They then placed before the Legislature actual proposals in the form of legislation which were required to implement the Agreement which they had made. But, Sir, both in the other House and in this House, on behalf of Government the statement was made very clearly that they wished not only the Legislature but the country itself to be placed in a position to judge for itself whether this Agreement which they had made was in the best interests of the country or not.

That, Sir, has always been their intention. They are perfectly certain that unless the Legislature is satisfied that the continuance of this Agreement is in the best interests of the country that Agreement will not be continued and Government, Sir, would not have it otherwise.

Now, Sir, if this amendment which I have moved is carried, the result will be, as I see it, something like this. The amendment does not state the time when this Committee will be appointed. Now, my Honourable friend, the mover of the Resolution, has stated in his speech, and as I believe perfectly rightly, that it is impossible to expect to be able to judge yet of the results of this Ottawa Agreement. I explained in my speech on the Bill that although certain of the preferences given by the United Kingdom to India came into operation from the 1st of April, 1932, others did not come into operation till a very much later date and some of the very important ones, notably the preference upon linseed, did not come into effect until the 1st January, 1933, that is to say, the same date from which the reciprocal preferences which we are giving took effect. Clearly, Sir, it would be impossible to obtain any useful material at the present moment or for some little time to come which would enable this House to judge whether that Agreement has been a success or not. I have endeavoured to ascertain what the trading results have been this year as compared with last year, but it is perfectly clear that those results are valueless from the point of view of the object of this Resolution. Then, Sir, as I say, no special date has been stated in this amendment. It will clearly be the duty of Government to see that when the Committee is appointed all available information is laid before it and what has been contemplated is that we shall obtain from all those sources which are open to us all the information relating to trade, alterations in trade and comparative figures of that kind and place them before any Committee that is appointed. It will then of course be open to that Committee to state if it so wishes in what respects information laid before it appears to be insufficient to enable it to come to a decision. They may say "On this first year's working we do not see that there has been much result", or "we realise that the period has not been sufficiently long to enable us to judge of the results. We also consider that Government should place before us facts and figures of a slightly different kind to what they have given us so far." Suggestions can of course be made by a Committee of that kind. As regards the actual date for the appointment of the Committee, I do not think it is necessary to make any statement on that point now. It will obviously be open to any Member of the House, if the Resolution in this amended form is carried, at any time to ask for the appointment of the Committee, to ask when the Committee is going to be appointed, by means of a question or in any other way. That, Sir, is all that I need say on this in moving my amendment.

The House might possibly be interested if I gave them a very brief outline of what we are already doing, because Government have already started work in this direction. There are, in the first place, alterations which will have to be made in our sea-borne trade returns. The House may remember that in certain cases we had not all the information possible in regard to separate commodities which were to enjoy preference. Those alterations in sea-borne trade returns are now being taken up. Then it is necessary for us largely to work through Local Governments, particularly in the case of agricultural produce, and steps are being taken in that direction. Then again, we have skilled technical bodies in the Imperial Council of Agricultural Research and the Committees appointed by that Council. To them will undoubtedly be entrusted a good deal of the work not only of fact-finding but also in regard to

[Mr. J. C. B. Drake.]

such measures as may be possible to exploit these preferences, to see that they are not wasted, and to assist trade generally. That is, roughly and shortly the line upon which we are now proceeding. The results of that work would be laid before any Committee that may be appointed in pursuance of this Resolution.

I think, Sir, that is all I need say, and with these words I commend the amendment which I have moved for the consideration of the House.

THE HONOURABLE THE PRESIDENT : Amendment moved :

"That for the original Resolution the following be substituted :

'This Council recommends to the Governor General in Council to appoint a Committee of this Council with a majority of non-official Members to enquire into and report on the actual working of and results achieved from the Ottawa Agreement and on the result of the measures taken to increase the export trade of this country'."

Under the circumstances the Honourable Mr. Suhrawardy's amendment will lapse as it is incorporated in this amendment.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY : I am quite satisfied, Sir, as my object is achieved.

THE HONOURABLE THE PRESIDENT : Discussion will now proceed on both the motions.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I accept the amendment, Sir.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : Sir, the aims and objects of the Resolution sponsored by my Honourable friend Rai Bahadur Lala Ram Saran Das are indeed commendable and as such it should have the unanimous support of this Honourable House. Although it may be said by the other side of the House that sufficient time has not elapsed when it has become necessary to have the actual working and result of the Ottawa Pact examined by a Committee with a majority of non-official Members of the Central Legislature, I think, Sir, despite the fact that the Agreement is to be operative for a period of three years, it is high time that such a Committee as asked for by my Honourable friend was appointed by Government at least to convince us by facts and figures that the Ottawa Pact has brought in its wake economic prosperity in our country. Sir, Government were loud in praise of the various aspects of the Agreement when the Ottawa Bill was on the tapis and as such it would now ill-become them not to accept the Resolution putting forward some flimsy pleas.

As for the second part of the Resolution, proper measures should be adopted by Government to see that the export trade of the country in which there is already a remarkable slump, is increased from day to day ; and therefore they should lose no time in appointing a Committee to go into this matter for the purpose clearly defined by the Honourable the mover. Sir, it is very gratifying to observe that the Honourable Mr. Drake has accepted the principle of the Resolution this morning.

With these few words, Sir, I support the Resolution of my Honourable friend, Rai Bahadur Lala Ram Saran Das.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Sir, as I have already told the House, I accept the amendment of my Honourable friend Mr. Drake. In that connection, I simply want to put forward a constructive proposal, that before this Committee is appointed Government should consider the question of all-world exchanges. I understand that a world economic conference is soon to be held, and in that case the Government of India should be represented in that conference in order to have its say and to put forward its proposal that in future every currency of the world should have a fixed ratio to the sterling, it will give a great impetus not only to Indian trade but to the world trade. The grave banking crisis which is now troubling the United States of America is quite unprecedented, and time should not be lost to consider and devise measures to safeguard the interests of India. Its effects should be watched in case it so happens it will be most detrimental to India. I hope that the Government of India will take the earliest opportunity to appoint this Committee and inform us of the work they do. I am obliged to Mr. Drake for the assurances he has given and I hope this House will unanimously support my Resolution as amended.

THE HONOURABLE THE PRESIDENT : The Honourable Member, I understand, now withdraws his original Resolution.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Yes, Sir.

THE HONOURABLE THE PRESIDENT : Before I take the sense of the Council on the substituted Resolution, is it your pleasure that leave be given to the Honourable Member to withdraw his original Resolution ?

(No objection was raised.)

The original Resolution was, by leave of the Council, withdrawn.

THE HONOURABLE THE PRESIDENT : Amendment moved :

" That for the original Resolution the following be substituted, namely :

' This Council recommends to the Governor General in Council to appoint a Committee of this Council with a majority of non-official Members to inquire into and report on the actual working of and results achieved from the Ottawa Agreement and on the result of the measures taken to increase the export trade of this country '."

The question is :

" That that Resolution be adopted."

The motion was adopted.

RESOLUTION *RE* REDUCTION OF STERLING COMMITMENTS AND REPLACEMENT THEREOF BY RUPEE COMMITMENTS.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, I rise to move :

" That this Council recommends to the Governor General in Council to reduce sterling commitments and replace them by rupee commitments."

With your permission, Sir, I should like to add the words " as far as practicable " at the end.

(Permission granted.)

[Mr. Hossain Imam.]

Before I speak on the merits of the Resolution, I should like, with your permission, to say a few words about the genesis of this Resolution. When I sent in my Resolution about Indian income-tax being charged in England, I was perfectly sure I would not be able to get it passed by this House. Therefore I tried to have for myself a second line of defence, and for this reason I sent in this Resolution, so that if we cannot mend our sterling commitments we may be able to end them as far as possible. During the debate on that Resolution I told Mr. Taylor that the Government of India should not take up the cudgels on behalf of England, and try to save her, when there were a sufficient number of people there to look after England's interests. When making the suggestion, Sir, I never thought that the British Government would take up the challenge so soon as they have done in the White Paper. By their recommendation No. 186 they have taken away even the small power that we had of imposing income-tax on sterling pensions, etc. By the new proposal which they are going to make to the Joint Parliamentary Committee that power will not exist. And it is, therefore, Sir, imperative that we should try now to reduce as far as practicable all our sterling commitments. Sir, in order to understand how great are our sterling commitments, I should like to remind the House that in the last financial year we had to spend from current revenue the enormous sum of Rs. 38 crores in order to finance our sterling outgoings. Out of those Rs. 38 crores, Sir, there were two very important items, Rs. 20·78 crores spent on paying interest on our sterling loans and Rs. 12·38 crores required to meet our defence expenditure in England. By this Resolution, Sir, I wish to ask the Government to try and as far as possible to reduce our sterling outgoings. The proportion of our sterling expenditure comes to the enormous figure of 29 per cent., so it cannot be said that it is a small item in our expenditure and therefore we can leave it to take care of itself. I think the amount of Rs. 38 crores is enormous but it does not cover all our sterling requirements. In addition to that, according to Sir George Schuster we have to meet every year about Rs. 15 crores on account of private requirements of sterling in the shape of shipping charges, transferred profits of English firms, and requirements of private individuals. In addition to that, Sir, we have the provincial expenditure in England. But I am not so unreasonable as to ask the Government that they should reduce all these charges. My concern with the Government of India is only for these Rs. 38 crores. I would not have brought this Resolution, Sir, if I had found that there was a genuine desire on the part of the Government of India to follow the policy of reducing sterling commitments. I would remind the House that in January, 1932, the Government paid back £15 million commitments out of their balances with the Secretary of State. But in May when there was no difficulty in exchange, when the gold export was enormous, and would have covered even this small sum of £6 million which fell due, a loan of £10 million was taken to pay off this £6 million. Not only did we not pay up our matured sterling commitments from rupee commitments, but we increased our sterling commitments from what it was on 31st March, 1932, by £4 million. This shows, Sir, that the policy has not been consistently followed. In addition to that, Sir, I find from the speech of the Honourable the Finance Member in paragraph 95 that it is contemplated to pay off the two maturing sterling commitments of £17 million by contracting additional sterling loans. It is in face of the fact, that we have already got with the Secretary of State the enormous balance of £13·49 million, and our reserve in the Gold Standard Reserve has been enormously expanded by purchasing sterling securities, and denuding it of the gold though there is some gold left there, but a great

deal has been transferred to the Paper Currency Reserve simply to strengthen our sterling holdings. In face of these sterling holdings it seems strange that the Government of India should not think of reducing our sterling debts and replacing them by rupee commitments.

Sir, the Governments of all the Powers of Europe are face to face with the difficulty of international payments and they are trying to remove it as far as possible, isn't it really surprising how India has been able for such a long time to stand this drain on its resources in the shape of sterling commitments, when the great countries of Europe have not been able to stand the racket for such a short period. Our sterling commitments, Sir, have been usually financed by our trade balances, but there have been times, Sir, when our trade balances have not been sufficient to finance our sterling requirements and there has been trouble,—troubles which we on the non-official Benches cannot as fully realise as the Controller of Currency can. We have, Sir, during the period of the Reforms, lost more than Rs. 50 crores, we have lost that amount in keeping up the exchange at its limit, and remitting treasures from India to England at a loss. Even now the process is continued, although we have got enormous gold exports, still our losses are there. We had to face contraction after contraction of currency just to keep up exchange before we went off the gold standard, and all these troubles have been brought about because of the fact that we have got to meet each year, whether we have a balance of trade or not, the enormous sum of about Rs. 40 crores in England. I think it is impossible to remove it by a stroke of the pen. No one can ask Government to do that. Our demand is that they should consistently pursue this policy of reducing the sterling commitments.

There is another branch of sterling payments to which I wish to draw the attention of the Government, and that is the pensions of our all-India services which are payable in sterling. As long as it was a question of a fight between us and the Government of India, it did not matter whether we succeeded or failed today. But when it becomes a matter of fight between Indians and the Government of Great Britain, now that they are exempting pensions from Indian income-tax, it is necessary that at least for future entrants the policy of giving them a sterling pension should be dropped.

I am not going to enter into the merits of the White Paper proposals because they will come in for discussion on a future date which the Honourable the Leader of the House has promised to give us. I now ask this House its definite opinion that we do not wish that the resources of India should be drained and we should be bled white by this sterling expenditure in London without something being done to reduce them.

Sir, I move.

THE HONOURABLE MR. J. B. TAYLOR (Finance Secretary): Sir, if I rise at this early stage, it is to say that Government are in entire sympathy with this Resolution and are prepared to accept it. If I continue, therefore, it is merely to remove a few misapprehensions which exist not only in the mind of the Honourable Mr. Hossain Imam but I am afraid in the minds of others also as to our policy in the matter. Our policy is and has always been to reduce our foreign obligations as far as possible and replace them with local obligations for obvious reasons. India is now advancing towards a new Constitution. That advance can never be complete until India stands on her own legs both as regards finance and as regards human material. But we have to deal with

[Mr. J. B. Taylor.]

facts as they are, and one of those facts is that at present India has advanced to her present stage through foreign capital and through the services of Englishmen, and here I would refer again to the point made by the Honourable Mr. Hossain Imam about income-tax, though I agree that it may be discussed more properly later. I defended our attitude about income-tax not on the ground of equity only but even more on the ground of interest. So long as the facts are that India must have foreign capital and foreign help, she will get them in the cheapest way by making the conditions she is offering clear. That is all I think I need say on that point.

As regards our policy for transferring money from India to England, I think that the Honourable mover is under a complete misapprehension. Where we have a free market—a free market not only as regards the purchase and sale of commodities but as regards the transfer of capital, investment and remittances for payment of services, the expenses of students studying abroad and so on—you have a certain amount of surplus and it is that surplus only which is available to Government. We cannot increase that surplus without interfering with the market. If we do—at times there have been crises when we have had to interfere with it—we have done so reluctantly, knowing that by so doing we are interfering with the free play of economic forces. There is a certain surplus available for our remittance and whether that surplus is taken by us in gold or in sterling, it will amount to the same. And then I confess I could not follow the Honourable mover. He said that we had large reserves in the Paper Currency Reserve and that we should use them to repay our sterling debt. I thought that it was common ground with everybody that we should aim at increasing these reserves in order to facilitate the early introduction of a Reserve Bank. At present it is common ground that 50 cent. of the assets should be held in gold or sterling and that this is the least that is required before a Reserve Bank can be started on a stable foundation. We are still some Rs. 20 to 30 crores short of that, and we are endeavouring to build them up as fast as we can on the ground that that is the first necessity. We can of course use the money to repay foreign loans, but by so doing we would *pro tanto* delay the Reserve Bank.

His next point is that by keeping up the exchange, in some way we impair the power of India to remit abroad. That again seems to be a fallacy. Take a very simple case. Suppose the rupee is 2s. and we have a debt abroad which represents Rs. 1 crore or £1,000,000. If you allow the rupee to fall to 1s., you have to send Rs. 2 crores abroad, and it is obviously a good deal more difficult to collect Rs. 2 crores than to collect Rs. 1 crore. I do not say that that is the beginning and end of the argument about a high or low exchange, but I do say that to assume that by letting your exchange fall away you will increase the capacity of your country to remit money abroad, is to fly in the face of the united experience of all countries.

Then, Sir, I would like to refer to the most important point in this connection. As Sir Basil Blackett pointed out, when he first came to India, the most important feature about India which strikes the new arrival in this country is the amount which could be made available for investment if it was not spent in gold. Since the war up to quite recently, the average amount spent by India on gold which was bought from abroad was between Rs. 20 and Rs. 30 crores a year. Had the Indian instead of hoarding these imports used the money so spent to repay his foreign debts by lending it on interest to Government, Government would by now be free of foreign debts and the

position desiderated by the Honourable mover would have been attained. So long as the Indian continues to import gold, there is the dilemma,—of either stopping him by putting an embargo on it, or letting him import it and thereby reducing the money which we can send abroad.

In conclusion, Sir, there is one final point that I would like to make, and that is, that though we are agreed as to the desirability of this Resolution, I would point out, as was emphasised by the debate only half an hour ago in this House, that there is still a vast outlet for capital in India. Is it altogether desirable, I put it to this House, that all the money that we can scrape together in India should be sent abroad to pay foreign debts when the foreigner is willing to lend us money at comparatively cheap rates, or should that money be devoted to fostering Indian industries and Indian agriculture? You cannot have it both ways. There is a certain amount of money available for investment. We can spread it as far as we can among the various channels open to us for re-investing it, and we have to choose those which at the time seem best in the interests of India.

As I have said, Government accept this Resolution because it is entirely our policy and has been our policy for years, and if I have spoken at more length, it was because I considered that there were certain grave misapprehensions which had to be corrected.

THE HONOURABLE MR. HOSSAIN IMAM: Sir, I am not going to indulge in the interesting discussion about the Reserve Bank of the future and about the respective merits of fixing the exchange at 1s. 6d. and 1s. 4d. I am glad that Government have accepted this Resolution, and I welcome it as an evidence of a change on the part of the Finance Department, that it is going to listen to our demands.

THE HONOURABLE THE PRESIDENT: Resolution moved:

"This Council recommends to the Governor General in Council to reduce sterling commitments and replace them by rupee commitments as far as practicable."

The question is:

"That this Resolution be adopted."

The motion was adopted.

RESOLUTION RE INCREASED SEATS FOR LANDLORDS IN THE REFORMED CENTRAL AND PROVINCIAL LEGISLATURES.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA (United Provinces Central: Non-Muhammadan): Sir, I beg to move:

"That this Council recommends to the Governor General in Council to take suitable steps at an early date for the increase in the seats of landlords in the reformed Central and Provincial Legislatures proportionately with the increase of total seats in those Legislatures."

Sir, the Honourable Members of this House are aware that since the recommendation of the Statutory Commission on this question, landlords all over the country have been greatly agitated. Several resolutions have been moved in the local legislatures and

1 P.M.

[Rai Bahadur Lala Mathura Prasad Mehrotra.]

numerous representations have been made to the Government of India as well as to the Secretary of State on this matter. Let us examine the recommendation of the Statutory Committee. They said :

“ The special protection now furnished may safely be withdrawn ”.

That was their general recommendation, but they went on to say :

“ If this recommendation was accepted and if landlord candidates failed to secure through the general constituencies the *proportion of seats* at present reserved for them, power should be given to nominate members of the landlord class up to that proportion ”.

So, Sir, though they were not in favour of accepting the principle that the representation of landlords should be made by special constituencies, they accepted that their proportion should be maintained. But the landlords did not agree to the condition of nomination by Government if they were not returned by general constituencies. They wanted to come to the Legislatures, central and provincial, by election and not by nomination. Further, Sir, this idea was also opposed by different Local Governments, and I will just quote the recommendation made by the Government of the United Provinces to the Franchise Committee on this point. They said :

“ This Government are unable to endorse the Commission's recommendations ”.

Further on they said :

“ Government hold that the representation which the great land-holders have been able to secure has not been disproportionate to their political importance in present conditions. It is also inevitable that as the electorate gains political experience it will tend to prefer representatives drawn from sources other than the great landed families and the need for special representation is likely to increase rather than decrease ”.

So, Sir, the United Provinces Government is also of the opinion which was expressed by the landlords' associations of the United Provinces that with the increase of the franchise the landlords as a class will require greater protection and for this their representation should be at least on a proportionate scale. The Government further said :

“ This Government are unanimously and strongly in favour of the retention of a special representation of the great land-holders at the *existing ratio* ”.

But the Franchise Committee, although accepting the principle of the representation of landlords, did not see eye to eye with the recommendation of the Local Governments and the representations of the landlords for the maintenance of the ratio. What they did was to maintain the number of seats which the landlords are holding at present in the different Legislatures, though they increased the total strength of the Legislatures by more than double. Sir, the landlords in the local Legislatures all over India are holding at present 35 seats only, and the total strength of the Legislatures as recommended by the Franchise Committee comes to 1,513, for which they have maintained the same 35 seats which they are holding when the total strength is less than half the proposed strength. Now Sir, it will be in the fitness of things if just I bring to the notice of the House the importance of landlords and their stake in the country. This was no doubt accepted by the Franchise Committee itself when they said :

“ We are satisfied moreover that the abolition of the special representation at present accorded at a time when the representation of other special interests is retained and when both the electorate and the size of the Legislatures are being increased would give rise to a not ill-founded sense of grievance ”.

Further on, they said :

"Finally, the existing landlord electorates in the different provinces consist in the main of men of position who exercise an important influence in the countryside, who have the leisure and the means to travel and acquire experience beyond their own locality and who are well qualified to speak with authority on matters affecting agricultural and rural life, questions which will inevitably bulk prominently in the business of the provincial Legislatures".

So, Sir, having accepted their importance in such strong language, the Committee did not see its way to recommend that the landlords' representation should be increased proportionately but have merely maintained the existing seats. I have therefore moved this Resolution and I want the Government of India to send the debate of this Council to the Secretary of State to be placed before the Joint Parliamentary Committee as the definite wish of this House that, in recognition of the importance, position and stake of landlords, they must be given proportionate representation in all the Legislatures, if not an increased one. I hope the Government will accept this humble request of mine.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House): Sir, the Resolution deals with provincial Legislatures and central Legislatures. It asks this Council to recommend to the Governor General in Council to take suitable steps to have the object of this Resolution satisfied. But I notice that towards the conclusion of his speech the Honourable mover has contented himself with asking the Governor General in Council to send this debate to the Secretary of State with the request that the attention of the Joint Select Committee might be invited to it. As regards the Resolution I shall presently show how it is not possible for the Government to accept the recommendation which is contained in the Resolution. As regards provincial Legislatures, Sir, it is well understood that the Franchise Committee reported on the matter under discussion. The same matter was threshed out in two successive Conferences in London at which Conferences the landlords were not unrepresented; and then last August His Majesty's Government came to a definite decision, which decision it is not open to the Government of India or even to His Majesty's Government to alter except in accordance with paragraph 4 of that decision. Therefore all that can possibly be done with reference to the constitution of provincial Legislatures is what the Honourable mover has said towards the conclusion of his speech, to invite the Secretary of State's attention to the speech which the Honourable Member has made, and that I am prepared to do.

As regards the central Legislatures, the White Paper has been in the hands of Honourable Members now for some time. They have noticed that the Upper Chamber is an indirectly elected body and there is no question of special representation. As regards the Lower Chamber, that is a directly elected body and there are certain provisions in regard to the representation of landlords. It is open to all interests to send duly instructed witnesses to London with a request to the Joint Select Committee when it is constituted, to take their evidence and do the best it can. Government certainly will have no objection; but so far as the Government of India is concerned, the matter is concluded and is now in the hands of His Majesty's Government and will soon be not even with them but with the Joint Select Committee.

I trust I have made the position of Government clear and that Honourable Members realise that the matter is really one more for discussion during the White Paper debate than by way of a separate Resolution now. I believe later on Honourable Members will come to know that next week a day will be set apart for the discussion of the White Paper. Under the circumstances it

[Khan Bahadur Mian Sir Fazl-i-Husain.]

is for the Honourable mover to consider whether what I have already said does not meet with his wishes and when he realises that no more than that can be done, I trust he will be satisfied.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR (Madras : Muhammadan) : Sir, much as I appreciate the importance of the landlords and fully as I sympathise with their ambitions for a due share of the representation in the future Legislature, I am afraid, Sir, I have to oppose this Resolution. After the lucid and able speech made by the Honourable the Leader of this House, I do not think it is necessary for me to dwell at length on the various aspects of the question that has been raised in this Resolution.

Sir, this Resolution in my opinion is most inopportune. As has been shown by the Honourable the Leader of the House, it divides itself into two parts ; one of these parts, namely, that which relates to the provincial Legislatures, appears to me to be too much before the proper time ; and the other part of the Resolution which refers to the recommendation in regard to the central Legislature is somewhat late. The first is much in advance of time, because of the fact that after the issue of the Premier's decision on the communal question and under the terms of that decision, it is not within the competence of the British Government or any authority to alter that decision even by one jot or tittle unless and until the parties concerned come to an agreement between themselves. So, Sir, the part of the Resolution referring to provincial Legislatures is one which cannot be taken into any serious consideration at this moment.

Now, Sir, the other portion, which refers to the central Legislature, is also not very happy. The White Paper has been issued and it is now for the Joint Select Committee to go into the matter and not for the Government to make any recommendations so shortly after they have issued the White Paper. Again, Sir, this matter would be more properly discussed in the debate which we are going to have shortly in this House on the White Paper. I would therefore request my Honourable friend the mover in view of what has been said by the Honourable the Leader of the House to withdraw his Resolution.

THE HONOURABLE THE PRESIDENT : May I know from the Honourable the mover of the Resolution, in view of what has fallen from the Leader of the House if he is prepared to withdraw the Resolution ?

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Yes, Sir, I am prepared to withdraw the Resolution on the assurance being given by the Honourable the Leader of the House that the debate will be forwarded to the Joint Parliamentary Committee and we will have another occasion next week when the White Paper will be discussed in this House. On this assurance I am ready to withdraw the Resolution.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : Yes, Sir.

The Resolution was, by leave of the Council, withdrawn.

THE HONOURABLE MR. HOSSAIN IMAM : Sir, I had a discussion with the Government Member in charge of the Bill and in view of that discussion I do not propose to move the motion* standing in my name.

*" That the Bill further to amend the Indian Life Assurance Companies Act, 1912, be circulated for the purpose of eliciting opinion thereon by 30th August, 1933. "

STATEMENT OF BUSINESS.

THE HONOURABLE THE PRESIDENT : I have to inform the Council that in accordance with Standing Order 53 I have directed the motions of the Honourable Mr. Hossain Imam and the Honourable Rai Bahadur Lala Mathura Prasad Mehrotra for the amendment of the Standing Orders to be set down for Wednesday, the 22nd instant. I have also to inform the Council that the elections to the Central Advisory Council for Railways and the Standing Committee for Roads will take place on that day. Having regard to the number of candidates and the number of Members to be elected I direct that each election be held on the principle of proportional representation by means of the single transferable vote.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House) : I have to announce, Sir, that the discussion of the White Paper in this Council will take place on Monday next, and that it will be initiated by a formal motion moved by myself with your consent under rule 24A of the Indian Legislative Rules that the White Paper be taken into consideration.

The Council then adjourned till Eleven of the Clock on Wednesday, the 22nd March, 1933.

COUNCIL OF STATE.

Wednesday, 22nd March, 1933.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

MEMBER SWORN :

The Honourable Mr. Thomas Alexander Stewart (Commerce Secretary).

QUESTIONS AND ANSWERS.

HOURS OF ATTENDANCE OF THE MINISTERIAL STAFF OF THE CUSTOM HOUSES OF BOMBAY, MADRAS, KARACHI AND CALCUTTA.

175. THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT : 1. Will Government be pleased to state the usual attendance hours of the ministerial establishment in the Custom Houses of Bombay, Madras, Karachi and Calcutta ?

2. Is it a fact that during February, 1933, the hours of attendance of the clerical staff of the Audit Department of the new Custom House, Bombay, were increased from 11 A.M. to 6 P.M. to 10-30 A.M. to 6 P.M. on week days and from 11 A.M. to 2-30 P.M. to 11 A.M. to 4 P.M. on Saturdays ?

3. Is it a fact that the Audit Department of the Custom House has no dealings with the public ?

4. Will Government be pleased to state whether their reply to question No. 39 on 18th February, 1933, applies to departments of the new Custom House, Bombay, which do not deal with the public ?

THE HONOURABLE MR. J. B. TAYLOR :

1. Bombay—10-30 A.M. to 5-30 P.M. (for certain departments).

11 A.M. to 6 P.M. (for other departments).

Madras—10 A.M. to 5 P.M.

Karachi—10-30 A.M. to 5-30 P.M.

Calcutta—10 A.M. to 5 P.M.

2. Yes, to meet a temporary emergency.

3. Yes.

4. The reply given applied to the Custom House as a whole. Government see no reason for differentiating in the hours of attendance in different departments of the same office. The hours of attendance in the Custom House compare favourably with those in mercantile offices.

PERCENTAGE OF LEAVE RESERVE IN THE MINISTERIAL STAFF OF THE NEW
CUSTOM HOUSE, BOMBAY.

176. THE HONOURABLE SARDAR [SHRI JAGANNATH MAHARAJ PANDIT : Will Government be pleased to state :

(a) The percentage of leave reserves in the ministerial establishment in the new Custom House, Bombay ?

(b) Whether leave is freely granted to ministerial employees so long as the total number of employees on leave does not exceed the strength of the leave reserve ?

THE HONOURABLE MR. J. B. TAYLOR : (a) The percentage of leave reserve is about 12 per cent.

(b) The reply is in the affirmative.

REFUSAL OF LEAVE TO THE MINISTERIAL STAFF OF THE NEW CUSTOM HOUSE,
BOMBAY.

177. THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT : Will Government be pleased to state whether it is a fact that there are very many cases in the new Custom House, Bombay, where ministerial officers are refused leave until they produce medical certificate countersigned by the Presidency Surgeon, even though they have ample leave at their credit and the number of employees at one time on leave is far below the sanctioned strength of leave reserves ?

Will Government be pleased to state whether it is a fact that in the new Custom House, Bombay, leave applications of ministerial officers are withheld by superintendents for a period which in some cases exceeds six months ?

THE HONOURABLE MR. J. B. TAYLOR : It is not a fact that many applications for leave have been refused. Leave cannot be claimed as of right and a medical certificate is demanded in cases where the request for leave operates detrimentally to the interest of other members of the department or the department itself.

Government have not been able to obtain verification of the statement that applications for leave are withheld by superintendents for long periods. Superintendents have no power to withhold applications for leave except with the knowledge and consent of the applicant.

CONFIDENTIAL CHARACTER SHEETS AND CONDUCT REGISTERS OF THE
MINISTERIAL STAFF IN THE NEW CUSTOM HOUSE, BOMBAY.

178. THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT : Will Government be pleased to state :

(a) Whether there is in the new Custom House, Bombay, a confidential list wherein entries of bad work done by employees are entered by departmental heads ?

(b) Whether it is a fact that these entries are made without the knowledge of the clerks against whom the entries are made ?

THE HONOURABLE MR. J. B. TAYLOR : (a) Confidential character sheets are maintained by the departmental heads and are written up once a year.

(b) The entries are confidential but conduct registers are openly maintained and from the entries in those registers clerks must form a fair idea of entries in the confidential character sheets.

ABOLITION OF APPOINTMENTS OF UPPER DIVISION PROBATIONERS IN THE NEW CUSTOM HOUSE, BOMBAY.

179. THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT : Will Government be pleased to state :

(a) Whether it is a fact that they passed orders two years ago to abolish the posts of upper division probationers in the new Custom House, Bombay ?

(b) Whether it is a fact that all the posts of such upper division probationers have not yet been abolished ?

(c) Whether it is a fact that the non-abolition of such upper division probationers has resulted in the denial to lower division clerks of acting allowance even though they do the work of upper division clerks ?

THE HONOURABLE MR. J. B. TAYLOR : (a) Yes.

(b) Yes.

(c) The appointments are being abolished by absorption in the upper division as vacancies arise. The Government of India are examining the question again in consultation with the Collector of Customs.

PRESENTATION OF THE REPORT OF THE CAPITATION RATE TRIBUNAL TO THE PRIME MINISTER.

180. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : 1. (a) Is it a fact that the Capitation Tribunal has submitted its report to the Secretary of State for India ?

(b) If the answer is in the negative, will Government be pleased to state how long will it take to do so ?

2. Will Government be pleased to place a copy of the report on the table of this House and allot a day for its discussion according to the statement made by Mr. Tottenham on 6th September in the Assembly ?

THE HONOURABLE MR. J. B. TAYLOR : Sir, with your permission I shall answer this question on behalf of His Excellency the Commander-in-Chief.

1. (a) and (b). The report was presented to the Prime Minister on the 17th January last, and is now under consideration by His Majesty's Government.

2. The nature of much of the material placed before the Capitation Rate Tribunal necessitates careful consideration by His Majesty's Government and the Government of India before the question of the publication of the report can be decided. The whole matter is receiving careful consideration but no indication can yet be given of the date on which a decision will be reached.

THE HONOURABLE MR. G. A. NATESAN : What has the publication of the exact contents of the report to do with any decision which the authorities may take about the report itself—and therefore why cannot the report be published ?

THE HONOURABLE MR. J. B. TAYLOR : The decision on the two points must be taken together.

THE HONOURABLE MR. HOSSAIN IMAM : May we ask, Sir, if the Government of India is considering this report at the moment ?

THE HONOURABLE MR. J. B. TAYLOR : Yes, Sir.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Do I understand that the report will be published after consideration by the Government of India ?

THE HONOURABLE MR. J. B. TAYLOR : I am afraid that I cannot add to my answer on the question.

BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL : Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the following Bills which were passed by the Legislative Assembly at its meetings held on the 20th and 21st March, 1933, namely :

A Bill to amend the Cotton Textile Industry (Protection) Act, 1930.

A Bill to extend the operation of the Wheat (Import Duty) Act, 1931.

MOTION *RE* AMENDMENT OF STANDING ORDERS 22 AND 54 OF THE COUNCIL OF STATE.

THE HONOURABLE THE PRESIDENT : I have received from the Honourable Mr. Hossain Imam notice of a motion which he desires to make for the amendment of Standing Orders 22 and 54 of the Council of State. I will proceed to read the proposed amendment to the Council as directed by Standing Order 54 :

“(1) That in Standing Order 22 for the words ‘fifteen members’ wherever they occur the words ‘eleven members’ be substituted.

(2) That in Standing Order 54 for the words ‘fifteen members’ wherever they occur the words ‘twelve members’ be substituted.”

I have first to ascertain the sense of the Council whether the Honourable Member has the leave of the Council to move this motion.

(No Honourable Member objected.)

THE HONOURABLE THE PRESIDENT: As no Honourable Member objects, the Honourable Member has the leave of the Council, and should now move :

“ That the proposed amendments be referred to a Select Committee.”

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, having received the leave of the House, I move :

“ That the proposed amendments be referred to a Select Committee.”

Sir, the reason why I gave notice of this motion, and why I am asking the House to form a Select Committee to amend these Standing Orders, is that we find they stifle discussion of matters of urgent public importance. We do have these discussions in the Legislative Assembly but can any member give me any information about occasions when adjournments of the House have been moved recently ? I am sorry to say, Sir, that for the last ten years, from the 23rd July, 1923, no motion of adjournment has been moved in this House, for the consideration of any matter of urgent public importance. It is a well-known custom in all legislative bodies from Parliament downwards to move the adjournment of ordinary business to consider matters of urgent public importance. It has always been regarded as a fundamental right for redress of grievances of the public, that we should have the right to move the adjournment of the ordinary business of the Legislature. The reason why I have particularly fixed upon the number 11 is that I wish to bring the practice of the two Chambers of the Indian Legislature into line. In the Assembly, with a membership of 144, the number of members required to stand up for giving leave to move the adjournment of the House is 25, which comes to just a little more than one-sixth, while in our House, with its greatly increased nominated element and decreased elected element—as a matter of fact we ought to be given more consideration than the Assembly but it is the other way round—we are required to have one-fourth of the total number of members and practically half the British Indian elected members to stand up, in order to justify a motion for adjournment. In the Assembly there are 104 elected members, and 25 are required to stand up, which comes to one-fourth of the elected members ; in our House there are 33 elected members and we have got 15 to stand up, which comes to nearly half. For this reason, Sir, we find it difficult to move motions for adjournment, so much so that for the last ten years, as I said before, there has not been a single motion for adjournment of the House to consider any matter. It cannot be said that in these ten years there has been nothing to justify a motion for adjournment. As evidence, I can state that in the fourth Assembly, motions for adjournment were moved five times and that in the space of two years only. In this House we have been deterred by this provision whenever we wanted to move a motion for adjournment. As is well known to the House, an adjournment motion is utilised more or less to ventilate the grievances, and whether it is carried or negatived, the effect is almost the same. It is difficult here to get 15 people to stand up. It will be easier and will bring more life into the Council if the number is reduced to 11.

As regards my second amendment, no change in the Standing Orders can now be made if any objection is taken unless 15 members stand up. I want this number to be reduced to 12 so that it may be easier to amend the Standing Orders. Knowing, Sir, that the present reform is in its waning days, and is about to end, it may possibly be argued on behalf of the Government that this

[Mr. Hossain Imam.]

is not the time to consider measures of this nature. I will be satisfied if the Honourable the Leader of the House assures us that in the future Constitution, such stringent measures will not be included and discussions in the two Houses will not be stifled.

Sir, I move.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House): Sir, I tried to find out whether there was any particular objection to the figure 15 and whether there was any particular virtue in the figure 11. I tried my best to find an explanation why the Honourable mover does not like 15 and what charm does he find in 11. A friend of mine suggested that it was probably due to the fact that 11 is the figure of a cricket team. (Laughter.) Football also is 11. But another Member, who was perhaps humorously inclined, or the Honourable mover might think a little bit maliciously inclined, thought that it was due to the fact that the strength of his party was 11.

THE HONOURABLE MR. HOSSAIN IMAM: It is more than that.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN: Well, in any case, I do not attach any very great value to these two explanations for the figure 11. However, the fact remains that the strength of this House is 60. Fifteen is 25 per cent. of the total strength. That seems to afford a very good and reasonable percentage. However, when one passes beyond these conjectures and tries to see whether in practice this rule has been found to be one which has stifled discussion, one might very well say, "Let us reduce the figure of 15 to some such figure as will not be open to the same objection." I took pains to find out how this matter stood with reference to the last 12 years' existence of this House. I find that during the first two or three years of its life, different members of this House attempted five times to make adjournment motions, and in four cases out of these five, the motions that were admitted by the Honourable the President always found the requisite number of members ready to support the discussion, and discussion did take place. In the fifth case, the Honourable mover found himself unsupported by anybody, and in that case, whether the number was 11 or 15 would have made no difference. Since July, 1923, no case has arisen. Why? To the human mind, which is inquisitive, the question arises, why, after eight or nine years of interregnum, all of a sudden this motion comes up. If there is a suitable explanation for this, I will be very glad to hear it, but in the absence of any explanation, in view of my researches into the last 12 years' history of the operation of this part of the Standing Orders revealing no justification for the motion, I cannot but oppose it.

Something has been said as to the future. I do not think, Sir, the House would like the two different matters to be mixed up. One is whether Standing Orders 22 and 54 should be amended or not, and it is quite another matter what sort of Standing Orders the next Council of State, which will possibly be four times the size of this House, with powers quite different from the powers this House exercises, is going to have. For me, Sir, an irresponsible Member of an irresponsible Government, it would never do to try to foreshadow what my responsible successors are likely to do or not to do. An undertaking on this point will serve no useful purpose and I would be lacking in the discharge of my duties to this House if I held out any such promise which my successors are bound to consider it presumptuous on my part to give.

I trust, Sir, under the circumstances that the Honourable mover will see fit, in view of the information I have tried to place before the House, to withdraw his motion. If he does not wish to do so then I have no doubt the House will agree with me that this is not an amendment which should be accepted.

*THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR (Madras : Muhammadan): Sir, I am afraid I shall also have to oppose the motion just made. The Honourable mover urged in support of his suggestion the fact that since July, 1923, there has been no adjournment motion moved in this Council. He cited that to show that Standing Order 22 was responsible for that state of affairs in our Council. But, Sir, a little consideration would have made it plain that if for all these years no such motion has been made in this House it was not because any member of this Honourable House thought he would fail to get the necessary support ; it was not because support was not expected, but simply because no member ever thought the occasion had arisen for making such a motion. The only test by which this matter can be judged is whether, when notice of such motion has been given and the matter has been considered by the President to be of a nature justifying adjournment of the House, the Honourable Member failed to secure the necessary support in this House. The facts are a clear commentary on the way this Standing Order has been operating to influence the business in this House. The facts are that on four occasions out of five the requisite amount of support was forthcoming for the motion made, and the only occasion on which the motion failed was when not a single other member could see eye to eye with the Honourable Member who gave notice of a motion for adjournment. That makes it perfectly clear, Sir, that if there is a real justification for postponing all other business to discuss a matter of urgent public importance, on all such occasions this Standing Order has never obstructed members of this House from exercising their right.

Now, Sir, as the Honourable the Leader of this House has said, 15 is not a large proportion for a House of 60 members. This is further a House of Elders and we are not expected to stand for the discussion of matters which, if not likely to disturb public tranquillity, might be calculated to make an unnecessary sensation. We are expected to be more discreet, take things more coolly and think over matters more dispassionately. I think that is the reason why no adjournment motions have been made for all these years since 1923.

Sir, I oppose the second suggestion made by the Honourable Member also. I do not think I need enter into any lengthy argument about it. I hope that, in view of the facts which have been mentioned in opposition to the motion, the Honourable Member will see his way to withdraw.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA (United Provinces Central : Non-Muhammadan): Sir, I rise to support the motion of my friend Mr. Hossain Imam. I am not convinced by the arguments that were advanced by the Leader of the House and my friend who spoke last. I think that the Leader was in a sporting mood when he suggested that the number 11 was arrived at because that number constituted a cricket team, and I hope that he will take the motion in that light. He was very much puzzled as to why the number 11 was suggested and he wondered whether it had any reference to the strength of the mover's Party. I beg to assure him, Sir, that the strength of the Party is more than 11, nor were we

[Rai Bahadur Lala Mathura Prasad Mehrotra.]

thinking of a cricket team. The only reason for suggesting a reduction from 15 to 11 is that the latter figure represents one-third of the numbers of the elected members of this House. As the Honourable mover has explained in the Legislative Assembly there are 104 elected members and only 25 are required to rise in support of a motion for adjournment, that is one-fourth, while the number proposed here is one-third which is still higher in proportion. On the analogy of the Assembly he might have proposed one-fourth, but considering that it is the House of Elders he has contented himself with one-third, and I hope the House will agree to refer this motion to a Select Committee. If there are any other reasons against adopting the change proposed, they can be fully discussed in the Select Committee and the matter will again come before this House for final disposal. Therefore, I would request the Honourable Members not to oppose the motion at this stage.

THE HONOURABLE MR. G. A. NATESAN (Madras : Nominated Non-Official) : Sir, after listening to the speech of the Honourable Mr. Hossain Imam I am bound to think aloud and tell him that I am not at all satisfied with the reasons he has given. The Honourable the Leader has said that since 1923 and to my knowledge also—I came here perhaps the year after—there has been no attempt to make a motion for adjournment of the House, and previously no motion really failed for want of support of the number fixed here. I personally recollect that on more than one occasion I myself wanted a discussion on an adjournment motion. One matter I remember referred to Indians overseas. The Honourable the Leader of the House then gave me an opportunity to put a short notice question. I did put a question or two, but we could not possibly follow it up and have all the points elucidated, and I am very glad to say that a special day was allotted to us non-officials to debate the question on a motion I had tabled. That was with regard to some trouble in South Africa. I do not know whether, with the House as at present constituted, it will be impossible for Mr. Hossain Imam to get 15 members to support him. But I feel somewhat hurt that it should be suggested that the quorum should be fixed with regard to the strength of the elected non-officials. I can quite understand the explanation for fixing the number 11. But I do think that there are other people here who are non-official members as much as anybody else, who exercise their own independent judgment and give expression to their views according to the best of their lights. If really an adjournment motion is required to be moved on a question of real public importance, where the object primarily is to ventilate a public grievance and there is an intention that Government should be apprised of it, or again, where the public mind is very greatly excited, when Government and the people think alike, where it is desirable that the Government view should also be publicly known, adjournment can be resorted to ; but I must repeat the reason which I gave the other day to my Honourable friend Mr. Mathura Prasad Mehrotra that on the eve of another constitutional change, though it may not be as much and as satisfactory as all of us wish, when we wish to discuss the White Paper, I should not personally waste my energies for discussing this. I was somewhat surprised when the shrewd and constitutionally inclined Honourable Member, Mr. Hossain Imam, asked the Honourable the Leader of the present House to give an undertaking as to what is to happen in the Federal Upper House. I do not think even if the Honourable the Leader of the House was inclined to give the undertaking he could do so. We do not know what the position will be, what Standing Orders will be framed for that House. I would respectfully suggest to my

Honourable friend Mr. Hossain Imam not to press this motion to a division for the simple reason that I am personally in sympathy with it but I do not think the heavens would come down if we do not discuss it and arrive at a decision.

THE HONOURABLE MR. HOSSAIN IMAM : Sir, when the Honourable the Leader of the House referred to the magic number 11, I thought that we were going to have some beautiful innings and runs, and I was not disappointed, because many of the members came out and had their innings.

Sir, the reason why we wanted to have the number 11 was very well stated by my Honourable friend Mr. Mathura Prasad Mehrotra—that we wish the practice of the two Houses should be brought into line. We are not insisting very much on the number 11, but what we do insist on is that there should be a change in the number and that the rule should be less stringent.

The example cited by my Honourable friend Mr. Natesan that once we had a favour from the Government and a special day was allotted to discuss a matter of urgent public importance has rather strengthened my hands. I do not like to beg when I can demand a thing as a matter of right. It was only a favour of the Government. It might or might not have been granted ; and if we had not the shackle of the large number, we would have moved an adjournment and discussed the matter as a matter of right ; and this I regard as a better thing than asking and begging for favours. My Honourable friend also said that when the Government and the public were of the same mind, we could move for adjournment. Sir, that does not arise, because adjournments are mostly moved when we do not agree with the line of action taken by the Government. Government is not estopped from having resort to utilising the House for expressing their opinion on matters of urgent public importance. Without moving the adjournment of the House they can make motions as they did twice last year in Simla on the Bengal terrorist affairs. But we, Sir, on this side of the House are debarred, because we have got to go through the mill and submit to all the shackles which ingenuity has devised to keep us down.

Sir, the Honourable the Leader of the Independent Party was kind enough to suggest that during the last ten years from July, 1923, no occasion has arisen for moving the adjournment of the business of the House. I am not going to make a condemnation of this House in such sweeping terms as to say that the members were so unmindful of their duty that during the last ten years they found no occasion for moving an adjournment. I think they were more sensible and they realised the position, they realised the weakness, they realised the absolute impossibility and the ill-effect that would be produced by having an adjournment motion objected to and turned down in the beginning before discussion ; that acted as a curb and a break and stopped them from having resort to this course. I have already cited the fact that during the last Delhi session during December we wanted to have an adjournment motion in this House to consider a matter of urgent public importance, *viz.*, the non-inclusion of the members of this House in the Third Round Table Conference. As I said—

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR : Was that an urgent matter of public importance when the third Round Table Conference was about to be finished ? What useful purpose would it have served ?

THE HONOURABLE MR. HOSSAIN IMAM : Whether it would have served any useful purpose or not, the fact remains that we were desirous of having an adjournment motion and we could not do so because we could not get 15 members to stand up. Sir, at the moment Government is not willing to agree to this ; they are entrenched in a secure position in this House ; they can flout non-official opinion, because of the support which they usually get from a certain quarter. Knowing the fate of this motion that it will be defeated I still press the motion to the vote of the House.

THE HONOURABLE THE PRESIDENT : Resolution moved :

" That in Standing Order 22 for the words ' fifteen members ' wherever they occur the words ' eleven members ' be substituted.

That in Standing Order 54 for the words ' fifteen members ' wherever they occur the words ' twelve members ' be substituted,
and that the proposed amendments be referred to a Select Committee."

The motion was negatived.

MOTION *RE* AMENDMENT OF STANDING ORDERS 16 AND 70 OF THE COUNCIL OF STATE.

THE HONOURABLE THE PRESIDENT : I have received from the Honourable Rai Bahadur Lala Mathura Prasad Mehrotra notice of a motion which he desires to make for the amendment of Standing Orders 16 and 70 of the Council of State. I shall proceed to read the proposed amendments to the Council. To move for leave to amend the Standing Orders of the Council of State in the following manner :

" (1) That at the end of Standing Order 16 the following be added, namely :

' Printed answers of the questions will be placed on the table half an hour before the commencement of business every day.'

(2) That in sub-order (2) of Standing Order 70 all the words after the words ' question of principle involved therein ' be deleted.

Also to move that the proposed amendments be referred to a Select Committee."

I have to ascertain in the first place whether the Honourable Member has the leave of the Council to move this Resolution. Does any one object ?

(No Honourable Member objected.)

THE HONOURABLE THE PRESIDENT : The Honourable Member has the leave of the Council.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA (United Provinces Central : Non-Muhammadan) : Sir, I beg to move for leave to amend the Standing Orders of the Council of State in the following manner :

" (1) That at the end of Standing Order 16 the following be added, namely :

' Printed answers of the questions will be placed on the table half an hour before the commencement of business every day.'

(2) That in sub-order (2) of Standing Order 70 all the words after the words ' question of principle involved therein ' be deleted.

Also to move that the proposed amendments be referred to a Select Committee."

The object of my moving for the amendment of Standing Order 16 is clear by the words which I want to be added after the Standing Order. By this I want that the answers to the questions whether they are printed or cyclostyled be placed on the table of the members of this House half an hour before the meeting, so that they may get an opportunity of putting supplementary questions on them. I have no objection, Sir, if those answers are not read out by the Government. That will save the time of the Council as well. The number of the questions will be called and the member who wants to put supplementary questions will put direct supplementary questions without the answers being read. This will facilitate matters very much and help members in putting supplementary questions as well as studying the statements demanded of the Government which will all be placed on the tables of the Honourable Members.

Now, Sir, according to the present practice we have to wait to know the exact wording of the answers till such time as the proceedings are printed. We may follow the substance but we do not know what are the exact words of the answers and have to wait for them at least a week or 10 days. If the answers are placed on the table we will not have to wait, we will know at once what were the exact answers and what were the statements placed on the table. This practice is being followed in the local Legislatures and there the printed answers are placed half an hour before the commencement of the business on the tables of the members and any member wanting to put supplementary questions gets himself ready and in that way matters are facilitated. I hope the Honourable Members will give me leave to refer this amendment to a Select Committee.

Now, Sir, my object in moving the second motion, that Standing Order 70 be amended, is this. By sub-order (2) of that Standing Order the budgets are only placed before this House on the day allotted for general discussion. Neither is the budget required to be passed by this House nor can any motions for reduction be moved. Therefore, I want that this House should be authorised to give notice of motions for reductions and have a detailed discussion of the budget. It is no use expressing opinion and letting the budget go without being passed by this House. We can also express our opinions by making statements in the press. When the budget is placed before the House we must express our opinion in a way that may produce an effect. So, Sir, I have moved for this also and will request you, Sir, to take these two motions separately because it is just possible the Honourable Members of the House may agree to the one and not to the other. Therefore, I would request you, Sir, that they may be taken separately.

THE HONOURABLE THE PRESIDENT: Resolution moved :

“ That the proposed amendments be referred to a Select Committee.”

As these two amendments are of a distinct and separate character I will allow discussion on each separately and will also take the sense of the House separately on each of these two points. Discussion will now proceed on part (1).

THE HONOURABLE MR. BIJAY KUMAR BASU (Bengal : Nominated Non-Official) : Sir, at the first blush one would like to agree with my Honourable friend the proposer of this amendment about the printed answers to questions being given. But, Sir, when one comes to think about it, one finds that the Parliamentary practice has all along been that questions have

[Mr. Bijay Kumar Basu.]

to be answered verbally in the House by the Treasury Benches and any person wishing to put any supplementary question thereon has to make up his mind then and there and put such supplementary question to the Treasury Benches which can either be answered immediately or upon further notice. This has been the practice in this House ever since it was inaugurated. This has also been the practice in the Legislative Assembly and I do not think that my friend Mr. Mehrotra will concede that what is good for the Assembly is not good for us. We people must, he declares, have notice of the answers before we can frame supplementary questions. That is, Sir, if I may put it in very mild terms, an inferiority complex which I for one will not allow Mr. Mehrotra to advance.

Then, Sir, the practice of this House has all along been based on the precedents in the House of Commons or the House of Lords,—I mean Parliamentary practice. Why must we now, when we are on the eve of great changes, when, as the Honourable the Leader of the House put it on the last motion, we are going to have three times the number of members we now have in this House—

THE HONOURABLE MR. HOSSAIN IMAM: Four times.

THE HONOURABLE MR. BIJAY KUMAR BASU: Very well, the more the merrier! Why should we tie their hands by introducing a particular practice which has never been adopted either in the Houses of Parliament or in the central Legislature? Is it fair that we should tie the hands of our successors in the way in which it is sought to be done?

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA: What about the provincial Legislatures?

THE HONOURABLE MR. BIJAY KUMAR BASU: So far as I am aware, talking of Bengal, there are two kinds of questions put. One is known as a starred question and the other is known as an unstarred question. The answers to unstarred questions, I am told, are printed and handed over to the members. As regards the starred questions, the practice is the Parliamentary one of giving verbal replies. I do not know about the procedure in other provincial Legislatures but I do not think that my friend would like to follow the precedents of provincial Legislatures which certainly are not equal in dignity to this House. (Hear, hear.)

Then, again, consider this. First of all, the expenses that will have to be incurred over it. It may be very little but I have always heard my Honourable friend Mr. Mehrotra and his Party sticking up for economy in expenditure and objecting to expenses which can possibly be avoided and this is a matter in which they ask the Government to incur more expenditure than is called for. Why must they do it? They have always tried to avoid expense and this is not the way in which it can be done. In the next place, I think the best course for us would be to let the Standing Orders, so far as the answers to questions are concerned, remain as they are, but I would only appeal to my friends on the Benches opposite that they would keep themselves perfectly alert and when they find anything in the answers of the Government in which they can trip them up let them do so.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, I was very glad to find our Honourable friend, Mr. Basu, standing up to champion the dignity of this House, and his solicitude for retrenchment was very touching. I am quite sure that the extra expenditure which the Government has incurred in everything concerned with the budget of India will come in for a due share of his criticism when we are discussing the Finance Bill. At the moment, I should like to remind the House that this innovation—if it can be called an innovation—is one which has been admitted under this very same Government in the provincial Legislatures and if there is nothing really harmful in it there is no reason why it should be put a stop to simply because it will involve a small amount of extra expenditure.

THE HONOURABLE MR. BIJAY KUMAR BASU : It is an admission of inferiority.

THE HONOURABLE MR. HOSSAIN IMAM : It is no admission of inferiority. Sir, I will remain the Honourable Member of an incident in the last Simla session. A member put in a question in the Assembly asking whether the electoral rolls of the different provincial constituencies were available in the Library or not. The Honourable the Law Member then and there on the floor of the House without any demand on the part of the Assembly promised to get them with the result that on the return from one province more than Rs. 1,000 were spent and two almirahs were filled up, and the Honourable the Law Member had to make a statement in the other House putting a stop to this practice because it was found to be too expensive. In that House, even slight questions involving thousands of rupees in cost are allowed, but if this House asks for justice, it is refused because it will cost Rs. 50 or Rs. 100 more. This is not a new question that we are raising in the Council of State. I drew the attention of the Honourable the President during the last session to make at least statements available to us before the Honourable Member gives the reply, and the Honourable the President ruled it out on the ground that it was against the practice of the House. I have great reverence for the practice of the House, but a living body is always making changes for the better. There is a proverb, Sir, "We should not be ashamed of copying others if what they do is found to be good". It is false pride to stick to our old methods and old measures. The world is changing and changing for the better and everything must change. (*An Honourable Member* : "Question ?") The old rule changeth giving place to the new. The plea that because this Constitution has got only a very few days to live we should leave everything where it is is the old plea of the Conservatives, I admit. But it will be as much their duty to preserve it as it was their former duty to oppose it. This House is not going to end in a day or two or even in a year or two. We know our own difficulties. We know that Federation cannot materialise in a year or two. It will take at least four or five years for it to come into full force, and it is idle to say that for all this time we should sit tight and make no change of even a comma because of the Reforms. We are every day doing day to day business. We have these two Bills by which we are going to extend the existing provisions. If this proposal is accepted by the Government, it will not involve any great expenditure. I should like to have the Honourable the Leader's estimate. My own estimate is that it will not cost more than Rs. 100 for this innovation. There are very few questions put in this House. It will only show whether the Government are willing to listen to the non-officials or are of the same old mind and ready to stifle everything.

Sir, I support the motion.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House): Sir, what is proposed is that written answers should be supplied to the Honourable Members half an hour before the first question on the list can be put. "Well, why not? Let them have it." That is what ordinarily strikes one who addresses his mind to this problem. Still, having said "Why not?" one naturally asks, "Here is a rule; why do you want this change?" As soon as you have propounded this question, you find some difficulty in finding an answer. The answer given by the Honourable mover of this motion is that this is done in some provincial Legislatures. He has not told us why it is done in those Legislatures. The Honourable Member opposite, who spoke last, has based his support of the motion, so far as I can see, on two points. One is that Government listens to the other House and does not listen to this House. In the first place, I do not admit this allegation. The instance he has given is certainly not in support of this allegation. The instance given is that certain books were wanted for the Library and the matter was moved in the Lower House.

THE HONOURABLE MR. HOSSAIN IMAM: A question was put.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN: A question was put—that is moving in the matter. The matter was moved by way of interpellation in the Lower House, and the Library was at once supplied with those books. Whose Library was it? Of this House, Sir, as much as of the other House.

THE HONOURABLE MR. HOSSAIN IMAM: At whose demand?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN: It is joint property. If you had asked for it you would have got it for the joint property. Surely, Sir, Government cannot be blamed because Honourable Members opposite either do not take the trouble to move in such matters or do not sum up enough courage in case they have such brilliant ideas in their minds to give utterance to them in the House, or they are always suspicious of the support they are going to obtain from their own colleagues, whether elected, nominated or official. Sir, in all corporate bodies, whether legislatures or councils or local bodies, it is the spirit of mutual trust which makes them work well and work effectively. If individuals or small groups move and act independently and at all times give expression to discontent, and disintegrating ideas, well, they cannot make a success of it. I assure the House, Sir, from such limited experience as has been open to me during the last three years that I have been a Member of Government that none of my colleagues has ever to my knowledge either expressed or entertained any idea contrary to the well-understood policy of trying to propitiate this House. What I am saying is easily intelligible inasmuch as this House as well as the people outside this House know perfectly well that the accepted view is that this House is on the whole friendly to Government. Is it a fact or not? Some members may like it; there may be an odd member who does not like it; but this is the accepted view in this House and outside this House. Why should the Honourable Members opposite credit Government with such folly as not to try to propitiate their own friends? I try, Sir, to convince the Honourable Members opposite that in this matter they are entirely mistaken. They are under a serious misapprehension. It hurts me to hear them again and again give expression to an idea which is altogether unfounded.

The next point is that the elders, the people in whom yesterday or the day before yesterday the landlords hoped to find sanctuary
 12 Noon. for all vested interests, for things with which we should not break, all of a sudden, if I am to believe the Honourable Member who spoke last, want to strike new paths, break away from the existing facts. They say, "Leave alone the old ; we want to get to something new." I would be the last person to discourage that spirit. I do not want to inculcate the view that we must stick to what we have even though the change is for the better. If I am convinced that the change is for something better I am ready to support it, whether it be for this House or for any other House. But, Sir, with reference to this desire for a change, the desire to move from the practice which has been pursued by the Houses of Parliament perhaps for centuries and which has been pursued for several decades by the central Legislatures, I do want to think twice before I agree to a change being introduced in that practice. I want reasons in support. I know that in provincial Legislatures in some cases there are standing orders and in some cases there is some sort of practice with reference to these written answers. I have been a member of a provincial Legislature myself. There are cases of members who do not understand the language in which answers are given, English, and therefore they have no chance of putting supplementary questions. Not knowing what the answer is, the questioner cannot put supplementary questions. In such a case the member may have represented his difficulty either to the Leader of the House or to the President, and they in their moments of expansion and desire to be helpful may have said, "Very well, we will give you the written reply beforehand"—just by way of encouraging the member in the way of doing his duty. But am I to understand, Sir, that the Honourable the mover of this motion or the Honourable Member who has supported it bases his claim for a change upon that ground ?

THE HONOURABLE MR. HOSSAIN IMAM : There are people in this House who do not understand English.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : Is the Honourable Member referring to the members of his Party ?

THE HONOURABLE MR. HOSSAIN IMAM : No.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : No ; alright. Then let others take objection themselves. The Honourable Member need not take up the cudgels on behalf of members who are not members of his Party. They have not expressed their desire to me in any way, but if they do I will do my best to see what can be done for them.

Therefore, Sir, I remain unconvinced. I really do not see any arguments in support of the change and I think the House will be well advised to attach considerable importance to the idea—I have no doubt a wrong idea—that may be spread abroad to the effect that the Members of the Upper House of the Central Legislature are not able to follow the answers given to their questions and therefore want their answers to be laid on the table beforehand. From personal experience I can state definitely that whenever I have answered questions and supplementaries have been put to me, I found them very relevant and very searching. Therefore, I see no justification for this insinuation that members cannot follow the answers to questions and are not in a position to put effective supplementary questions on them. I for one feel it my duty as the Leader of the House to repudiate such an insinuation in case any one takes the trouble to make it.

[Khan Bahadur Mian Sir Fazl-i-Hussain.]

Under the circumstances, Sir, I have no alternative but to ask the House not to give its support to the motion that is before it, as it is really not a good precedent to follow. As Leader of the House I do not like to see the House following the questionable precedent set up by some local Legislatures whose members elected, no doubt 10 or 12 years ago, were not in all cases literate.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Sir, my amendment has been opposed by the Leader of the House as also by my friend Mr. Basu. Mr. Basu made one or two interesting remarks in opposing the motion. He said that what is good for the Assembly should not be bad for this Council and the practice of the Assembly should be followed here. But when my Honourable friend Mr. Hossain Imam moved just now that the number in support of a motion for adjournment should be reduced from 15 to 11, though the figure ought to be even less on the analogy of the Assembly, it was said that this is a House of Elders and we should not adopt the practice of the Assembly. On my motion I am now told that the practice of the Assembly should be followed in this House. I do not really know which is the correct procedure. In my opinion, as this is a House of Elders we should take what is good from every place. If the practice in the local Legislatures is good we should not fight shy of adopting it. It has been said by the Honourable the Leader of the House that in this case perhaps the practice in the local Legislatures is due to the fact that there must be some members who were not able to follow answers given by Government to their questions. I beg to differ on that point. I may say that there the members are not even allowed to read their speeches, while here they are allowed, which I think is due to the fact that some of the Elders are not in a position to give expression to their feelings in an extempore speech. So, Sir, it is not due to the view taken by the Leader that the members cannot understand the answers but it is for the sake of economy of time. The time of the Council should not be wasted and members are supplied with starred and unstarred questions with their answers. The number of the question is called and any member who wants to put a supplementary question may do so. Why waste the time of all the members ?

Then, Sir, it has been said that we on this side of the House always press for reduction in expenditure, while this suggestion will involve extra expenditure. That reminds me of the proverb "Penny wise and pound foolish". What would it cost if the questions and answers were cyclostyled ? The cost will not go into tens but will remain in units ; it will be a few rupees—less than say Rs. 10.

THE HONOURABLE MR. H. M. MEHTA : Why should even Rs. 10 be wasted if it can be avoided ?

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : For the sake of economy of time. Our time is more valuable than Rs. 10, and therefore that expenditure should be incurred. I can point out thousands of instances in which not only tens, but thousands and lakhs are wasted which could be saved and economised. But when we have pressed for them from this side of the House we have not been supported. So, Sir, from all points of view, I think that this is a most reasonable amendment.

One word more. May I ask from the Leader of the House what about the statements ? Statements are also placed on the table of the members in the local Legislatures. Here we have to wait till the proceedings are received to know what were the statements of the Government. Are the statements

asked by the members of this House also laid by the Treasury Benches ? No, they are not. It is only said that the statement is placed on the table of such and such member. We do not know what is contained in the statement, good, bad or indifferent ; we cannot put any supplementary question on it. If they are supplied to us beforehand we can put supplementary questions and elucidate points. We have to wait for another ten days to receive the proceedings, and then to put questions, a notice of a further ten days is required. By that time we do not know whether the session will continue or end, we do not know whether we will be allowed the privilege of putting supplementary questions or not.

For these reasons, Sir, I would request this House to accept this most modest amendment.

THE HONOURABLE THE PRESIDENT : Resolution moved :

“ That the proposed amendment to Standing Order 16 be referred to a Select Committee.”

The question is :

“ That this Resolution be adopted.”

The Council divided :

AYES—12.

Banerjee, The Honourable Mr. Jagadish Chandra.
Dutt, The Honourable Rai Bahadur Promode Chandra.
Gounder, The Honourable Mr. V. C. Vellingiri.
Hossain Imam, The Honourable Mr. Jagdish Prasad, The Honourable Rai Bahadur Lala.
Kalikar, The Honourable Mr. Vinayak Vithal.

Mehrotra, The Honourable Rai Bahadur Lala Mathura Prasad.
Moti Chand, The Honourable Raja Sir. Naidu, The Honourable Mr. Y. Ranganayakalu.
Pandit, The Honourable Sardar Shri Jagannath Maharaj.
Ram Saran Das, The Honourable Rai Bahadur Lala.
Sinha, The Honourable Kumar Nripendra Narayan.

NOES—33.

Akbar Khan, The Honourable Major Nawab Sir Mahomed.
Bartley, The Honourable Mr. J. Basu, The Honourable Mr. Bijay Kumar.
Benthall, The Honourable Sir Edward. Charanjit Singh, The Honourable Raja. Chetti, The Honourable Diwan Bahadur G. Narayanaswami.
Choksy, The Honourable Khan Bahadur Dr. Sir Nasarvanji.
Coburn, The Honourable Mr. M. R. Cotterell, The Honourable Mr. C. B. Devadoss, The Honourable Sir David. Fazl-i-Husain, The Honourable Khan Bahadur Mian Sir.
Ghosal, The Honourable Mr. Jyotsna-nath.
Ghosh Maulik, The Honourable Mr. Satyendra Chandra.
Habibullah, The Honourable Nawab Khwaja.
Halim, The Honourable Khan Bahadur Hafiz Muhammad.
Hallett, The Honourable Mr. M. G. Israr Hasan Khan, The Honourable Khan Bahadur Sir Muhammad.

Jalan, The Honourable Rai Bahadur Radha Krishna.
Johnson, The Honourable Mr. J. N. G. Kameshwar Singh, The Honourable Maharajadhiraja Sir, of Darbhanga. Maqbul Husain, The Honourable Khan Bahadur Sheikh.
Mehr Shah, The Honourable Nawab Sahibzada Sir Sayad Mohamad.
Mehta, The Honourable Mr. H. M. Miller, The Honourable Mr. E. Murphy, The Honourable Mr. P. W. Noon, The Honourable Nawab Malik Mohammad Hayat Khan.
Padshah Sahib Bahadur, The Honourable Saiyed Mohamed.
Raghunandan Prasad Singh, The Honourable Raja.
Russell, The Honourable Sir Guthrie. Shillidy, The Honourable Mr. J. A. Stewart, The Honourable Mr. T. A. Taylor, The Honourable Mr. J. B. Suhrawardy, the Honourable Mr. Mahmood.

The motion was negatived.

THE HONOURABLE THE PRESIDENT : Discussion will now proceed on the amendment of Standing Order 70.

THE HONOURABLE MR. BARTLEY (Government of India : Nominated Official) : Sir, I think it will suffice to remark that even if the amendment proposed by the Honourable Mr. Mehrotra were successfully carried out, it would not have the effect which he hopes it would have. I understand that his object is to endow this Council with the power to pass the budget and to move motions of reduction on the budget. That, so far as I could follow the remarks which he made in commending his motion, was the object with which he was attempting to make this amendment. Well, unfortunately the Government of India Act which governs the Indian Legislature does not contemplate any such power being placed in the possession of this House. The history of the control vested in the Indian Legislature over budget proposals is a history of several successive stages from the Indian Councils Act, 1892, when non-legislative functions were for the first time given to the Indian Legislature. The discussion of the annual financial statement was then first introduced ; but no member might propose a motion or divide the Council. Then came the Indian Councils Act of 1909 under which power was given to make rules providing for a discussion of the budget and providing for the moving of resolutions which had as Honourable Members are aware the effect merely of recommendations to Government. The discussion was in two stages and the effect of the resolutions, so far as they were given effect to, was embodied in the budget proper which was introduced subsequent to the introduction of the Financial Statement after the discussion in two stages had taken place. Then comes the Government of India Act, 1919. The Joint Select Committee on the Bill, in reference to section 67A, which invests the Assembly with the powers which it has, remarks :

“ This is a new provision for the submission of the Indian budget to the vote of the Legislative Assembly on the understanding that this body is constituted as a chamber reasonably representative in character and elected directly by suitable constituencies ”.

Section 67A, if read, will indicate quite clearly that it is to the Assembly that the power is given of voting the budget and it is to the Members of the Assembly that the privilege is given of moving motions for the reduction or refusal of demands. The discussion which takes place in this Council is held under the provisions of the Standing Order which the Honourable Member attacks. That Standing Order corresponds to a legislative rule, No. 46, which was made under section 67 and section 129A of the Government of India Act to give effect to the provisions of section 67A for the discussion of the budget in the Legislative Assembly. But we have no rule which confers upon this Council anything like the powers which are conferred upon the Assembly by certain of the legislative rules. There is no rule, applicable to the Council of State, for instance, corresponding to rule 45 which says that the budget shall be dealt with by the Assembly in two stages, namely, a General Discussion and the Voting of Demands for Grants. It is perfectly clear—and I need not labour the point—that section 67A confers this power upon the Legislative Assembly and upon the Legislative Assembly alone. Sub-section (5) of section 67A of the Government of India Act runs :

“ The proposals of the Governor General in Council for the appropriation of revenue or moneys relating to heads of expenditure not specified in the above heads shall be submitted to the vote of the Legislative Assembly in the form of demands for grants ”.

Therefore, if the Honourable Member hopes that any amendments that he can make to the Standing Orders will have the effect of endowing this Council with a power which is not given to it by the Government of India Act,

which was not meant to be given to it under the Government of India Act (which in setting up this Council set it up as a revising Chamber), he is deceiving himself. I would therefore oppose this motion.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Sir, on the statement made by the Honourable Member that the Government of India Act stands in our way to amend this Standing Order, I beg leave to withdraw my amendment.

Part (2) of the amendment was, by leave of the Council, withdrawn.

BALLOT FOR THE ELECTION OF THREE MEMBERS TO THE STANDING COMMITTEE FOR ROADS.

THE HONOURABLE THE PRESIDENT : The Council will now proceed to elect three Members to serve on the Standing Committee for Roads. Honourable Members will notice that the Honourable Khan Bahadur Syed Abdul Hafecz has withdrawn from the election.

(The ballot was then taken.)

BALLOT FOR THE ELECTION OF SIX NON-OFFICIAL MEMBERS TO THE ADVISORY COUNCIL FOR RAILWAYS.

THE HONOURABLE THE PRESIDENT : The Council will now proceed to elect six non-official Members to serve on the Central Advisory Council for Railways. I may also bring to the notice of the Council that the Honourable Khan Bahadur Syed Abdul Hafeez has withdrawn his candidature.

(The ballot was then taken.)

THE HONOURABLE THE PRESIDENT : The result of the elections will be declared at a later date.

STATEMENT OF BUSINESS.

THE HONOURABLE THE PRESIDENT : Has the Honourable the Leader of the House any statement to make with regard to the course of public business ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House) : I understand, Sir, that a large number of Honourable Members have an engagement elsewhere on Saturday next when the two Bills that have been laid on the table today would be proceeded with in the ordinary course. In these circumstances, it is for your consideration whether the Bills in question should be put down for Friday next with one day's curtailment of the normal period of notice, in case the House has no objection. The advantage of this course would be that if we meet on Friday, we may hope to receive further Bills from the Legislative Assembly on that day, and thus expedite

[Khan Bahadur Mian Sir Fazl-i-Husain.]

the further legislative programme. Government, however, I need hardly add, have no wish to press this suggestion, and if it is not acceptable to the House, then of course, we, as already stated by me, meet on Monday to discuss the White Paper and take up these Bills the next day.

THE HONOURABLE THE PRESIDENT : The suggestion made by the Honourable the Leader of the House seems to me to be very reasonable, and as far as I am concerned, I am prepared to suspend Standing Order 37 and have the two Bills on Friday next, but I would like to know the sense of the Council before I finally decide this.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, on behalf of the Progressive Party I beg to say that this Party has no objection to these two Bills being considered on Friday next.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR (Madras : Muhammadan) : My Party also have no objection to these Bills being taken up on Friday.

THE HONOURABLE MR. E. MILLER (Bombay Chamber of Commerce) : We have no objection, Sir.

THE HONOURABLE THE PRESIDENT : As there seems to be no objection, these Bills will be taken up on Friday next.

The Council then adjourned till Eleven of the Clock on Friday, the 24th March, 1933.

COUNCIL OF STATE.

Friday, 24th March, 1933.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

COTTON TEXTILE INDUSTRY PROTECTION (AMENDMENT) BILL.

THE HONOURABLE MR. T. A. STEWART (Commerce Secretary) : Sir, I move :

“ That the Bill to amend the Cotton Textile Industry (Protection) Act, 1930, as passed by the Legislative Assembly, be taken into consideration.”

From the Statement of Objects and Reasons it will be seen that the effect of the amendment is to extend from the 31st March to the 31st October of the present year the protection which was granted in 1930. Honourable Members of this Council are well aware of the history of protection in relation to the textile industry and they will remember that, when in 1930 the industry was granted temporary shelter for a period of three years, an assurance was given that before the expiry of that period the claims of the industry to substantive protection would be the subject of a formal inquiry by the Tariff Board. A Tariff Board was duly appointed. It has made its inquiry and has presented its report. Unfortunately at the time when the report was received Government were pre-occupied with the consideration of those important matters which were dealt with in the November session of the Legislature, and between the end of that session and the commencement of this it has been found impossible to give to the report the careful and close consideration that is demanded not only by the complexity of the problems involved but by the importance of the interests concerned. In these circumstances Government felt that they had no option but to propose a postponement of action on the report until the next Simla session and in the meanwhile to continue the protection which now exists. I wish to emphasise that by proposing a continuation of the *status quo* for a further seven months the Government of India commits itself to no opinion as to the merits or demerits of the claim of the industry to protection. Between this and the Simla session the report of the Tariff Board will be carefully considered and the proposals of the Government of India thereon will then be put before the Legislature. At the present moment no question of principle or policy is involved.

With these words, Sir, I move.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : Sir, I rise to support the Bill to provide protection to the Indian cotton textile industry for a further period, as passed by the other House. The Statement of Objects and Reasons is quite clear and the Honourable the mover has further explained in an elaborate and convincing

[Mr. Jagadish Chandra Banerjee.]

manner that it should have the unanimous support of the House. In consideration of the fact that the Indian textile industry is rather in a moribund condition, especially owing to the unfair competition of Japan and the dumping of her piece-goods into India which is hampering the progress of our Indian textile industry, the measure, I hope, will be conducive to the best interest of the country. I am not one of those who think that this measure will benefit Bombay only as Bombay's textile industry will receive a further impetus. I think it will save the Indian textile industry from the onslaughts of Japan which is doing immense mischief to our Indian textile industry. I hear that there is a rumour that with the help of this protective measure, Bombay will thrive at the cost of Bengal as Bombay finds a ready market in Bengal for her piece-goods. Such a parochial idea does not find place with me. I think of my country in terms of all-India and when I find that the protection will afford a little relief to the textile industry of my own country I most heartily welcome the measure and ask the House to pass the Bill.

Sir, I need not go into the details of the condition of the textile industry in Bombay, Ahmedabad and Nagpur that is not unknown to this Honourable House and the why and wherefore of the necessity and justification for the measure proposed by Government. But I would like to know whether this protection will be able to check the dumping of the Japanese piece-goods into India at a price equal to, if not lower than, Indian cotton and whether it will encourage the "Buy Indian" movement. Protection will be of no avail if it will not give stimulus to our textile industry. It is a matter of great regret that the report of the Tariff Board on the inquiry about the condition of the Indian cotton textile industry has not yet been fully considered by Government and a final decision arrived at. In these circumstances, this protective measure I think, Sir, is only a stop gap arrangement. However, it is hoped a final decision regarding the report of the Tariff Board on this industry will be reached by Government in the meantime to see whether protection to the cotton textile industry of India could be continued for a further period.

With these few words, Sir, I support the Bill.

THE HONOURABLE MR. E. MILLER (Bombay Chamber of Commerce) : Sir, the Government in introducing this Bill in the Legislatures have said that they wish to avoid all reference to any question of principle or policy as in their opinion it does not arise at this stage. They suggest that it will arise when the whole question of the future protection to this industry comes before the Legislatures, possibly during the next Simla session. The reason for this attitude is that Government have found it impossible in the limited time at their disposal to complete their examination of the Tariff Board's Report.

Now, Sir, while I know how very overworked many of our Government officials are and particularly before and during the March session, I cannot help but feel in view of the seriousness of the matter that some very real attempt should have been made to tackle the situation more effectively than merely asking us to authorise the continuance of the existing legislation for another six months. What has been the effect of this legislation? Practically nothing that has been of any material advantage to the Indian cotton textile industry. The imports from Japan have continued without abatement in spite of the protective measures taken and although they may have resulted in reduced profits to the importer and the middleman, it has not been really felt by the consumer because the retail prices of the Japanese imports have

remained practically unchanged so that these foreign and inferior goods continue to be dumped on the market to the detriment of the indigenous production.

All we are now asked to do is to authorise Government to continue the present so-called protective measures until next October—another six months—when it is *hoped* (only hoped) that some decision will be arrived at in regard to the future of cotton textile protective duties. Is this enough? I do not think so and I would urge this House to press Government to take some more drastic and effective action before this session is over so as to ensure proper and immediate protection to this important indigenous industry. Otherwise it is possible that by October it will not require any protection for it may have ceased to exist and be beyond recall. Actually at the moment the question of a reduction in the wages of operatives is under consideration in several industrial centres.

We must of course support this present Bill today but like *Oliver Twist* we must ask for more and at once. The situation is more than critical, it is positively dangerous and immediate action beyond the scope of this Bill is essential. Sir, in supporting the passing of the Bill I do press for some more adequate and effective emergency measure before the close of this session.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I rise to support the Bill and I endorse every word the Honourable Mr. Miller has said. The condition of the textile industry at present is miserable and in case no immediate relief is given to it, it might collapse. Government does itself realise that it is one of the most important national industries, and although the report of the Tariff Board has been before the Government for the last few months it is a matter of regret that no action has so far been taken. It is a question of life and death for the industry and to postpone the consideration of the report of the Tariff Board for any longer period now is a sin. I therefore beg the Government to give their earliest attention to that report and to protect the textile industry from disaster.

Sir, when the Japanese yen fell from the equivalent of Rs. 200 to 100 yen in December, 1931, and then to Rs. 100 last August, the Government introduced emergency tariff to give extra protection import duty of 18½ per cent., equivalent altogether to 50 per cent., but the Japanese prices were reduced to totally nullify this extra protection at once proving very conclusively that it was inadequate. Since those days the yen has further fallen to Rs. 80, so that today even a protective duty of 250 per cent. would hardly compensate. When a foreign country has a gain of 250 per cent. owing to depreciated currency, it must be obvious how necessary it is for Government to protect the total extinction of local textile industries due to such unfair means.

Sir, I shall give a few details as regards cotton goods which will prove how things exist now. Japan, Sir, buys cotton in India and then sends back that cotton manufactured to India as finished cloth. In December, 1931, the price for 100 yen was Rs. 200 ; in January, 1932, it fell down to Rs. 140 ; in February, 1932, to Rs. 130 ; in March, 1932, to Rs. 120, and now it stands at Rs. 80. If we compare it to the finished cloth which Japan returns to India, in June, 1932, Rs. 110 were equivalent to 100 yen ; in July, 1932, the exchange fell down to Rs. 105 ; in August, 1932, to Rs. 100 ; in September, 1932, to Rs. 90 and in October, 1932, to Rs. 85, and now it stands in the vicinity of Rs. 80. This applies to raw cotton which comprises one-third of the cost of the finished article, but as regards the other costs of manufacture the difference is

[Rai Bahadur Lala Ram Saran Das.]

far more marked. In case we compare the actual result of these figures in yards, and in case we assume that the Indian mills are equally efficient as the Japanese mills, the manufacturing cost in December, 1931, was as follows : Yen 100 equal to Rs. 200, equal to 2,000 yards of cloth. But today in Japan yen 100 is equal to Rs. 80 and it means that 2,000 yards of cloth cost Rs. 80 as compared with Rs. 200 in 1931 ; but in India in terms of the yen, 250 yen are equal to Rs. 200, equal to 2,000 yards of cloth. So in terms of rupees, yen 100 produced 2,000 yards of cloth in 1931, but yen 100 produces 5,000 yards of cloth today.

So, Sir, a protective duty of 250 per cent. would only just cover the effect of the depreciated yen. Sir, I need not go into further details. I have given you instances and statements proving the present condition of the textile industry ; and, Sir, I wish, as the Honourable Mr. Miller has wished, that the Government had proposed a better measure than the present one ; but as something is better than nothing, I support this measure.

THE HONOURABLE KHAN BAHADUR DR. SIE NASARVANJI CHOKSY (Bombay : Nominated Non-Official) : Sir, without taking a parochial view of the circumstances which have militated against the cotton industry, it is an admitted fact that the city of Bombay has to face special conditions. It has to contend against labour and agitators, it has to contend against riots and strikes and it has to contend against the Congress mandate. All these have combined together and brought the industry into a very parlous condition indeed. The result is that the mill-owners of Bombay at present do not know where this will end ; whether they will have to shut up their mills for a short time, or go into liquidation. Dumping of course has been the principal cause, but there exist other causes which have persisted for long and still persist that have to be encountered as well. Government would no doubt do their best to help the industry by tariff measures and give partial relief, but whether such relief will be all in all or conducive to the best interests of the industry is questionable. As the Honourable Mr. Miller just said, six or seven months is a very long period ; within that period there may arise circumstances or developments that would make anything that Government resolve absolutely nugatory. What we want now is not palliative measures—so much more tariff or less tariff—but something more radical, something that will once for all put a stop to the circumstances that have brought about the present *impasse*. It is true that criticisms have been levelled against the mill industry and its management in Bombay, on account of the *old system* of agency. No human organisation is perfect. It is equally true that the system has many imperfections, though not universally. It is for the Tariff Board to point out how those imperfections could be removed and how the Indian Company's Act amended in order to make the industry more prosperous. The Ahmedabad mills are, I believe, in a similar condition at present, but a statement published in the press some time back showed that the Ahmedabad mill-owners gave dividends which would make even the mouths of the American Trust Corporations water. They fail to take into consideration that factor and have not the same cause to complain as Bombay. Their shareholders have thus received more than their original capital, perhaps many of them several times over. But that is not the position in Bombay. In spite of all that Bombay mills could do, their condition is certainly to be deplored. We may hope that there will be no graver contingency between now and October to prevent Government from taking emergent measures to

protect a most important Indian industry. Should the present conditions continue as they are, we do hope that Government will pursue a policy that would bring about a radical improvement and restore to the Bombay mill industry its former flourishing condition.

THE HONOURABLE MR. T. A. STEWART : Sir, in view of the unanimous support that has been accorded to my motion I have no further remarks to offer.

THE HONOURABLE THE PRESIDENT : The question is :

“ That the Bill to amend the Cotton Textile Industry (Protection) Act, 1930, as passed by the Legislative Assembly, be taken into consideration. ”

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. T. A. STEWART : Sir, I move :

“ That the Bill, as passed by the Legislative Assembly, be passed. ”

The motion was adopted.

WHEAT IMPORT DUTY (EXTENDING) BILL.

THE HONOURABLE MR. T. A. STEWART (Commerce Secretary) : Sir, I move :

“ That the Bill to extend the operation of the Wheat (Import Duty) Act, 1931, as passed by the Legislative Assembly, be taken into consideration. ”

When in 1931 the Wheat (Import Duty) Act was passed it was hoped that the necessity which called for the protection of the cultivator would be a temporary one. That hope, like many other hopes in this time of depression, has been disappointed and Government have been constrained this year, as last, to propose the continuation of the duty for a further year. In coming to this conclusion Government were influenced by two dominant factors in the world wheat situation. Though India herself is unlikely to produce a surplus in the present year it is reported that other wheat-producing areas in the world have a surplus which is the highest on record. Combined with that, we have the fact that Indian price levels continue to be well above the world parity. How far above parity they are may be judged from the following quotations. Some few weeks ago Indian wheat was quoted at Rs. 3-4-6 a maund f. o. r. Lyallpur. At the same time Australian wheat was on offer in London at a price per quarter corresponding to Rs. 2-10-8 per maund. It will easily be conceived that with so wide a differential as this, wheat from foreign sources would pour into India were it not for the existence of the duty. That wheat would come in not only to meet any marginal demand that might result from a shortage in Indian supplies but that wheat would come in and would be in active competition with Indian wheat in very many Indian markets. The inevitable result would be a fall in prices which for the cultivator would be disastrous. The Government of India

[Mr. T. A. Stewart.]

could not contemplate such a situation and they therefore propose the renewal of protection. In proposing that the rate of duty should be continued on the same level, that is to say Rs. 2 per cwt., Government claim that they have considered the opposing interests of the producer and the consumer—interests which are not always too easy to reconcile. The duty of Rs. 2 per cwt. has in the past two years raised the price of wheat to, and maintained it at, a level that is comparable with the general price level of commodities in India. It is, indeed, at a somewhat higher level than other cereals. On the other hand, so far as the consumer is concerned, the price of wheat has not been raised above a level which compares favourably with the levels that existed for the period 1923—1930. In these circumstances they feel that they can commend to this House the measure which they now propose as being essentially fair to all interests concerned.

Sir, I move.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN (North-West Frontier Province : Nominated Non-Official :) Sir, I was of opinion that the present import duty would not only be extended for one year but that it would remain permanently on the Statute-book until such period when the market rate of the price of wheat per maund is from Rs. 4 to Rs. 5. Sir, if the price of wheat is less than Rs. 4 a maund, I am sure that it will be impossible for the landlords to realise the Government land revenue *plus* the *abiana*, that is the water-rate, from their tenants to enable them to pay Government their due share. Sir, land-owning in India has always been looked up to and it has always been a sign of respectability, but in the present circumstances, if this import duty does not remain, I think that land-owning will not only be a source of trouble, but it will be a millstone round the neck of the land-owner. The trouble is felt especially by the land-owner with extensive acreage at the time of realisation of Government land revenue. The result is that generally the tenant cannot, on account of the low price of wheat and other produce, make up the Government land revenue and *abiana*. The result is that the land-owner has to put in something from his own pocket to pay the Government dues. Well, Sir, if the import duty is not renewed, it means that the collection from one season to another will be added up to the load of the land-owner with the result that this millstone will become so heavy that some day it is bound to break the neck of the land-owner, and with the breaking of the land-owner's neck, it will not only put the Central Government in trouble but it will put the whole of the Provincial Governments out of gear. They will be in deficit and it will be impossible for the Government of India to help all the Provincial Governments. But, Sir, some of my Honourable friends have spoken elsewhere that whenever these 80 per cent. of the population are in trouble, they should then come over with their beggar's bowl and ask these gentlemen to renew the import duty. Let me tell these deities of Moloch and Puck that when 80 per cent. of the population of India are on the verge of starvation, by the time these people think of renewing the import duty the trouble will be such that it will be impossible for these gentlemen to remedy it in time. There is a proverb saying, "Uttam khaiti, mudhum beupar, nakhid chakari, bhikh bichar," which means that "the most honourable profession is that of the agriculturist; next in importance to it comes the trade; and next to trade is that of service; and the lowest and the worst of all professions is that of begging". If 80 per cent. of the population take to this honourable profession, they will put not only the whole machinery of the Government out of gear but they will bring disaster on the whole of

India. Hindu mythology does not in any way exaggerate when it says that the welfare of India rests on the head of the bullock, which means that if there is a shortage of bullocks in any country, there will be less ploughing and less ploughing means less agricultural cultivation.

THE HONOURABLE MR. H. M. MEHTA (Bombay : Non-Muhammadan) :
What about tractors ?

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN :
My Honourable friend asks me, "What about tractors ?" A tractor is so expensive that it will not pay the agriculturist to work with a tractor. In the first place, you must bear in mind that the cost of petroleum is heavy and, in the second place, the tractor is a machine for which the agriculturist will have to employ some man knowing the machinery of the tractor. The poor agriculturist is not in the happy position of my Honourable friend who is rolling in wealth. The agriculturist cannot afford to pay such heavy expenses and indulge in tractors and other machinery, because, in the first place, they have got no money and, secondly, they do not know how to handle the tractor, and if the tractor is once broken, there is nobody to repair it.

THE HONOURABLE MR. BIJAY KUMAR BASU (Bengal : Nominated Non-Official) : Hindu mythology came in before the tractor.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN :
Up to this date Hindu mythology has not lost its effect. Less cultivation means famine or unemployment, and unemployment drives people to restlessness and dissatisfaction. If the Indian tenantry and landlords find that the cultivation of land is not only disadvantageous but profitless, what other industry or vocation can there be to employ the teeming millions of India ? The first duty of a civilised Government is to see that the majority of the subjects are satisfied with regard to their worldly requirements of clothing and food, and any Government which is not mindful about the needs and livelihood of 80 per cent. of their subjects cannot be called a very considerate Government. I for one will say that all discussion about reforms is a less important subject than this import duty on the existence or non-existence of which 80 per cent. of the population depend, and this is more important than all other items which after all can be to the advantage of the remaining 20 per cent. of the population only. Every such item can affect no more than 10 or 15 per cent. of the population. The representatives of the dumb, mute and voiceless 80 per cent. seldom get a hearing. Some Members of the Central Legislature are reported to have said in discussing this measure that when those 80 per cent. of their own countrymen are hard up and starving they can come again with their beggar's bowl for a further dole. Sir, may I tell those heartless individuals that their constituencies are very small as compared with 80 per cent. of the population of India, and that they can themselves only flourish when that 80 per cent. has at least sufficient to clothe and feed themselves with. Otherwise these Honourable gentlemen with their luxurious modes of living will not be able to earn their own livelihood, leaving aside what will happen if ever a day of reckoning comes. (*An Honourable Member* : Do all the 80 per cent. grow wheat ?) They all grow some sort of produce. The majority of them do grow wheat. That is the staple crop.

With these words, Sir, I strongly support the continuation of the import duty on wheat, and I hope that there will not be a single dissentient voice at -

[Major Nawab Sir Mahomed Akbar Khan.]

least in this Honourable House where every community is represented and where no Member has ever passed such foolish and unworthy remarks as I have just referred to.

*THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, I must plead guilty to having taken up that profession to which our Honourable friend the last speaker referred as being the worst, I mean the begging profession. Sir, while we are at one with the Government in its desire to assist the wheat-growing population in their present plight, we would like to draw the attention of Government to the plight, which is far worse, of the rice-growers and the jute-growers of Bengal, Burma and Bihar and Orissa, and perhaps the Honourable Member is aware that the area under rice is far in excess of the area under wheat. We do not, Sir, oppose this motion but we wish that the Government would see its way to give some relief to rice and jute-growers as well. Wheat is mostly grown in the Punjab. (*An Honourable Member* : And where is jute grown ? In Bengal only.) The Government of India is at present in the centre of the wheat-growing area and for that reason the wheat-growers come more particularly under the care of the Government, while the trouble of outlying places does not perhaps find prominence in the Secretariat of the Government of India. Sir, I have no intention of opposing this Bill, but I do oppose the suggestion that this protection should be extended for a long period, until in fact the price of Rs. 4 a maund is reached. We should have no objection, Sir, if every commodity could be sold at the pre-war level, the 1913 level of prices, if that could be done by Government manipulation. That would be very welcome indeed. But this invidious distinction in favour of wheat, while rice and jute-growers are so distressed, cannot find support from the rest of India.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA (United Provinces Central : Non-Muhammadan) : Sir, I rise to support the Bill that has been presented to the House and to congratulate the Government upon extending the protection afforded by the Act for a year more. Sir, I am one of those who think that the economic position of India will not change within one year, and the Government will have to come up again in March, 1934, for another extension of this Act. Therefore, I think it would have been much better if the Act had been extended for three years more. I would not say that it should become a permanent measure, but if it could have been extended for three years I think the economic position would have improved sufficiently by the time to permit of the protection being dispensed with. Further, the protection given by this Bill is not enough. It ought to have been coupled with reduction in railway freights and canal dues. At present railway freights are so high that the wheat-producing districts cannot send their produce to districts where wheat is not produced so cheaply. Therefore, I think the position of Bengal, as has been represented by my friend Mr. Hossain Imam, is to a certain extent right. If the freight on wheat was reduced they could buy wheat at a cheaper rate and they and the producers would both benefit. Sir, it has been suggested that improved implements can be easily used to bring about an improvement both in quality and quantity. As far as my knowledge goes, I think our cultivators are not in a position to make much use of costly implements and at the same time pay for manuring, etc. If the Council of Agricultural Research could find out

*Speech not corrected by the Honourable Member.

some cheaper and easier methods of improving quality and quantity, I think that would be of much use for the poor cultivators. Honourable Members are aware that this year the area under wheat has already been reduced by 4 per cent. as compared with that of last year, and the reason is that it does not pay the tenants to grow wheat on account of the water rates. As an agriculturist myself I used to go in the interior of villages every year, and I can speak with confidence that the condition of the tenants is very pitiable. The produce is not sufficient to pay rents to the zemindars. After paying the rent you cannot imagine what they get for their own use as it is practically nothing in spite of the remissions of about four annas in the rupee. They are living from hand to mouth, and mostly they are living on the sale of grass and work of that kind.

Sir, as agriculture is the main source of income in India, it is necessary for the Government to give every protection and facility just for the sake of safeguarding their own revenues. If the condition of agriculturists is not kept flourishing, I am afraid the Government, whose income is mostly derived from that source, will go down to an extent that it will be difficult for them to make both ends meet. So, Sir, as the prosperity of the country lies in agriculture, I would most humbly request the Government to pay proper attention to the reduction of railway freights as well as canal dues together with the Bill which they are extending for one more year.

With these words, Sir, I support the motion.

THE HONOURABLE MR. H. M. MEHTA (Bombay : Non-Muhammadan) : Sir, I beg to support the Bill which my Honourable friend Mr. Stewart has moved, but at the same time I must say that agricultural operations in this country are too antiquated and are falling behind the other civilised countries of the world. My Honourable friend, Sir Mahomed Akbar Khan, pointed out that from time immemorial we have bullock ploughs and antiquated methods and we should continue them, because they are the cheapest. I have grave doubts about that. Bullock ploughs, as my Honourable friend must be knowing, only sink into the land to a depth of six or nine inches. They cannot drive their ploughs further into the soil so as to turn it well, so as to get better production of crops. Motor tractors are now employed in almost all the civilised parts of the world, which turn land in a far more efficient way—the crops produced in those lands are sometimes seven to eight times more than the crops produced here on the same acreage of land. Another thing is that the big zemindars in this country are not interested in the land themselves ; neither do they teach their sons and the other members of the family how to till the soil. They are mostly dependent on their tenants' efforts and remain as lenders of money and the poor tenants have to work on the lands. I agree with my Honourable friend, Sir Mahomed Akbar Khan, that those tenants are not sufficiently well off to buy expensive machinery like tractors and other things.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN : Will they be economical, Sir ?

THE HONOURABLE THE PRESIDENT : Order, order.

THE HONOURABLE MR. H. M. MEHTA : I am coming to the point. If these tractors are adopted by all the civilised parts of the world, there must be something in them. They did away with their animals ; they used to drive their ploughs with horses and other animals. Why did they do away with

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them ? Because they found that mechanised machinery was far better adapted for producing in a given area of land a greater yield and the crops would thus come cheaper. My Honourable friend, Sir Mahomed Akbar Khan, also forgets that bullocks have to be fed just like tractors have to be supplied with spirit; and the life of the bullocks is also a limited number of years; so is the life of a tractor. Civilised countries like America and Australia have gone to an extent that would be an eye-opener to some of my Honourable friends—America produces on land four times the quantity that the Indian cultivator produces on that same area.

THE HONOURABLE MR. BIJAY KUMAR BASU : Is it only due to the tractor ?

THE HONOURABLE MR. H. M. MEHTA : No, it is due to all scientific methods that they employ.

THE HONOURABLE MR. BIJAY KUMAR BASU : Has it anything to do with manuring ?

THE HONOURABLE MR. H. M. MEHTA : My Honourable friend will be surprised to hear that when they were using more than 50 or 60 per cent. of manure they were producing little cotton ; and in the last three years, using manure next to nothing, they are getting more production of cotton. As a matter of fact, they have advanced so far that even the gathering of ears of wheat and cotton bolls is done by machinery which does away with the human hand. Machine rolls by the passages left in between and gathers all the bolls of cotton as well as ears of wheat, so much so that in their statistics, America tells us that it saves them in case of cotton \$ 8 per bale. If all these new methods are employed by other countries and if India is to lag behind on account of old prejudices, it would mean a poor time for India.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN : Poverty.

THE HONOURABLE MR. H. M. MEHTA : My Honourable friend says that it is due to poverty, which I do not believe—the time will come when all the agriculturists from year to year will have to go to Government asking for help saying, “ Put such an amount of duty on this, that and other things ; otherwise we cannot live ”. It will be reflected again on the people, because if they cannot produce more they cannot get it cheap ; if they cannot get it cheap, then even if they make a little bit more on the sales of their produce, they lose it in other ways.

With these remarks, I support the Bill.

THE HONOURABLE RAJA CHARANJIT SINGH (Punjab : Nominated Non-Official) : Sir, I am very glad the Government have brought forward this Bill. As the Honourable Sir Joseph Bhore says in the Statement of Objects and Reasons, the position of wheat has not changed since this Bill was passed last year. It is a well known fact that the position of agriculturists is very precarious at the present moment. Therefore shelter against foreign competition is most essential. I hope that Honourable Members of this House will look at this matter from an all-India point of view and pass this Bill unanimously and thus help the Indian agriculturist and Indian produce.

THE HONOURABLE SIR EDWARD BENTHALL (Bengal Chamber of Commerce) : Sir, I was afraid at one time that the Honourable mover was going to get two Bills passed today without any opposition at all. I was therefore glad to see the Honourable Mr. Hossain Imam saying a few words of protest, but I am sorry that they were not as whole-hearted as his protests usually are. I am aware of course that there is no possibility in this House of arresting this Bill, but I believe we are here to represent what we believe to be the views of our constituents and I hope that the Members for Bengal will speak against this Bill, or at any rate point out in what respect Bengal does not get treatment of this nature.

The Honourable mover pointed out that prices of wheat were now somewhere about the levels of 1923—1930. All I can say to that is that I wish that the levels of the products of our part of India were at that level. I do not think that that period is quite a fair criterion and it is an undoubted fact that the price of wheat has recently risen by 100 per cent. and therefore the consumer pays 100 per cent. more than he did. At the same time, I would like to contrast it with the treatment that is given to the products of the eastern part of India, namely—rice, jute, hides and skins, which are subject to an export tax instead of being in receipt of protection of this sort.

I would like to make one other point and that is this, that this tax is primarily perhaps directed against Australian wheat. We in Bengal are very much dependent in the jute trade upon the consumption of jute goods by Australia. If Australia is forced into reducing her costs to any large extent in order to sell her goods she will be forced into bulk-handling and that will do away with the consumption of corn-sacks and I would like to inform this House that it was the unexpected demand for corn-sacks last year which saved the jute industry from a serious position indeed.

Similarly, we are asking for benefits for our tea in Australia but Australia will not be encouraged to give that help if we tax her wheat. In speaking in this way I do not mean to go against the interests of the Punjab. I am glad indeed that they are getting this assistance, but I would just contrast it with the conditions of the province which I come from.

I note in the Bill that Government have the executive power to reduce or remove this charge if the duties are proved to be excessive or unnecessary. It has passed through my mind to inquire at what stage Government are likely to consider these duties excessive or unnecessary. The Honourable Sir Akbar Khan indicated that he thought a price of Rs. 4 or Rs. 5 would be a reasonable price for wheat and I would like to put that question to Government. I am afraid that I may not get a very direct answer but at any rate I hope that the Honourable mover will be forced into making a longer speech than he did in moving his last Bill.

THE HONOURABLE MR. G. S. KHAPARDE (Berar Representative) : Sir, I have got only a very few observations to make. The wooden ploughs that are used now are said to be antiquated and the machinery plough is said to be better. To that my reply is that I oppose this proposition on this ground,—not that I oppose the Resolution or the section—but in my part of the country people went in for these ploughs and these iron ploughs worked very well in the beginning but they were found to cut too deep and unfortunately they exhaust the soil. This is proved by actual experience—it is not a joke. I am a little bit of an agriculturist myself. These iron ploughs work very well, they dig the ground all right and pulverise the land,

[Mr. G. S. Khaparde.]

but in two or three years' time you find that the whole substance is gone out of the land and you cannot do without remanuring it, and that takes a great deal more than the machinery itself saves. That is the reason why machine ploughs are not popular in India. To call a thing antiquated is not the same thing as deprecating or abusing it. An antiquated thing may last a long time, perhaps for ever. Therefore that a thing is antiquated is no ground for giving it the sack.

Another argument that has been put forward here is that machinery is used all over the civilised world for as many purposes as possible. I quite agree. But in the civilised world, if you will read the latest reports, you will find that they are beginning to discover that too much efficiency is not necessarily beneficial. Machinery is so efficient and does the work so well that ultimately you find that you have lost by the change. Take a recent example. England went in for Free Trade from the days of Bright and others and she did very well so long as no other country was competing with her. But now that every country wishes to produce everything that it needs, England is beginning to suffer in her export trade. There is no agricultural produce and people are suffering now in England discovering that too much of protection is as bad as too much Free Trade. Too much of anything is bad. And therefore this craze for machinery, I say, will ultimately lead you to come back to the old wooden ploughs as we make them. They preserve the land. These are the two observations I wish to make in order to avoid too much machinery and I will not advise my tenants anyhow to bring in these iron or steel ploughs.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : Sir, I have much pleasure in supporting the Bill to extend the operation of the Wheat Import Duty Act, 1931, in the manner and shape in which it has come to us from the Assembly. Any action or measure on the part of Government that will do good to my country economically, will have my earnest and ardent support. When I find that this Wheat Import Duty Bill will when passed into an Act be helpful to the wheat-growers of my country as well as the consumers too, I have no hesitation in supporting the passage of the Bill. Sir, it should be borne in mind that in India the consumer is also the producer whose interest lies in a good level of prices. The Honourable the mover of this Bill has given an account of the wheat position in India and also told the House the measures Government have already taken and are going to take. It is indeed a wonder that in spite of the Wheat Import Duty Act, 1931, foreign wheat has found such a big market in India. It is natural that we should like to be enlightened on the fact if Russian or Australian wheat and wheat flour are imported to India. However, I support the measure as it will be to the economic interest of my country and hope the House will pass the Bill without any objection.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK (West Bengal : Non-Muhammadan) : Mr. President, Sir, in the interests of the Bengal consumers it is my duty to oppose the Bill under discussion. The points of view of the Bengal consumers have been ably canvassed on the floor of the Assembly so much so that the Honourable the Commerce Member had to admit that the burden of the consumers was increased. But he did not consider the burden unreasonable. What is unreasonable from the Government point of view is quite a different thing from the consumers' point of view. The agriculturists of Bengal have suffered and are suffering because nothing has been done, no little finger has been raised to bring in relief to the jute

grower or the paddy grower and the reason is not far to seek. As was expressed by one of my friends very curtly and very truthfully, it is because there is no godfather of the Bengal agriculturist in the Central Government. The opposition failed in the Assembly not because their case was bad but because the vested interests of provinces other than Bengal was too much for the opposition. I do not expect a better fate in this House when I find two representatives of Bengal—I see that one is absent at present—under the protecting wings of a leader from the Punjab who would, I am sure, at the behest of their Punjabi Leader.—

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
Certainly not.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK—who, by the way, is much more interested in the wheat grower of the Punjab than the poor wheat consumers of the lower provinces of Bengal would not think twice of jettisoning their constituencies, go against their own interest and sell their birthright for a mess of pottage. I am very glad that I have got support from one of my friends from Bengal, but I sadly deplore the attitude of some of the representatives of Bengal, and I deplore more the fate that would ensue as a result of the passing of this Bill to the electors whom they represent. I know, Sir, this is a losing battle, but I assure you that there are some defeats which are more glorious than victories, and among which number I shall count this as one.

THE HONOURABLE MR. T. A. STEWART : Sir, it is somewhat of a disappointment to me to find that the Honourable Sir Edward Benthall and the Honourable Mr. Satyendra Chandra Ghosh Maulik have disturbed the almost universal unanimity of opinion that had been expressed previously in the course of this debate. I do not wish to rush recklessly into the lists where Bengal and the Punjab are contesting. I will content myself with answering what I consider were pertinent queries that have been raised by the last two speakers. I am afraid that the Honourable Sir Edward Benthall misunderstood my remark regarding the level of prices in Calcutta. I intended to give this Honourable House to understand that the present level of prices compared not unfavourably, from the consumer's point of view, with those that ranged in the period from 1923 to 1930. If I may read them out, these are the figures at the end of December for the years in question :

	Rs.	A.	P.	
1923	5	2	0	
1924	6	0	0	
1925	6	14	0	
1926	5	10	0	
1927	5	7	6	
1928	6	4	0	(that is the figure for September).
1929	5	12	0	
1930	3	14	6	

I again repeat that prices, so far as the consumer is concerned, compare favourably with those in previous years.

Another point that was raised was in connection with section 5 of the Act. The conundrum has been put to me, "When will you say that the protection

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granted has become excessive or unnecessary?" In answer to that I can only refer the Honourable Member to the terms of the Act itself which are to the effect that when the Governor General in Council is satisfied, after such enquiry as he may think fit, he may reduce or remove the duty. In these circumstances, I think it is hardly fair to ask me, at this moment, to give a categorical reply.

The Honourable Mr. Ghosh Maulik has mentioned the admission of the Honourable the Commerce Member in another place that the burden on the consumer in Bengal was more at present than it had been in the past. I think that none of us would have any hesitation in making that admission not only for the consumer in Bengal, but the consumer anywhere in the world. At the present time of depression all over the world, whether we are cultivators, whether we are traders or whether we are in the despised *naukri*, we are all carrying an extra burden.

In the course of the debate reference was made to the manipulation of railway freights in the interests both of the producer and of the consumer. This is a subject on which I am much less qualified to speak than my Honourable friend beside me, but I would draw the attention of Honourable Members to the fact that last year an experiment was made with the object of helping both the producer and the consumer. The net result was, I think, a loss of Rs. 16 lakhs. I do not think there are any other points that call for remarks.

THE HONOURABLE THE PRESIDENT: The question is :

"That the Bill to extend the operation of the Wheat (Import Duty) Act, 1931, as passed by the Legislative Assembly, be taken into consideration."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. T. A. STEWART: Sir, I move :

"That the Bill, as passed by the Legislative Assembly, be passed."

The motion was adopted.

ELECTIONS TO THE STANDING COMMITTEE FOR ROADS AND THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

THE HONOURABLE THE PRESIDENT: I have to inform the Council that the result of the two elections held on the 22nd March is as follows :

(1) The following Members have been elected to the Standing Committee for Roads :

The Honourable Mr. E. Miller.

The Honourable Mr. V. V. Kalikar.

The Honourable Mr. H. M. Mehta.

and

(2) The following Members have been elected to the Central Advisory Council for Railways :

The Honourable Mr. H. M. Mehta.

The Honourable Mr. Hossain Imam.

The Honourable Mr. Satyendra Chandra Ghosh Maulik.

The Honourable Diwan Bahadur G. Narayanaswami Chetti.

The Honourable Raja Charanjit Singh.

The Honourable Rai Bahadur Lala Jagdish Prasad.

STATEMENT OF BUSINESS.

THE HONOURABLE THE PRESIDENT : Has the Honourable the Leader of the House any statement to make ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House) : I regret, Sir, that we have been disappointed in our expectation that further Bills would reach us from the Legislative Assembly today. It is probable that one Bill will be passed tomorrow and it is hoped that the Finance Bill will be passed in the Assembly on Monday next. It is important that the Finance Bill should become law as soon as possible and it is therefore desirable that the Council should meet on Tuesday with a view to the Bill being laid on the table. There being no other business for Tuesday, I venture to suggest that it would probably be convenient to all parts of the House if the discussion on the White Paper on Monday terminated at the luncheon interval and was resumed again on Tuesday.

THE HONOURABLE THE PRESIDENT : I think the suggestion of the Honourable the Leader of the House is an excellent one, and in view of the fact that there will be a big debate on the White Paper, that many Honourable Members will take part in it and that they will perhaps get tired, it would be advisable to adjourn the House at lunch time on Monday. I would, however, take the sense of the Council.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : We agree to this course, Sir.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR (Madras : Muhammadan) : I agree also on behalf of my Party.

THE HONOURABLE THE PRESIDENT : As the Council agrees, that course will be adopted.

The Council then adjourned till Eleven of the Clock on Monday, the 27th March, 1933.

COUNCIL OF STATE.

Monday, 27th March, 1933.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

- (1) PERMISSION TO MR. GANDHI TO MAKE A STATEMENT ON THE WHITE PAPER AND (2) REFUSAL OF PERMISSION TO MR. ANEY INTERVIEWING MR. GANDHI

181. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : 1. (a) Has Government given permission to Mahatma Gandhi to make a statement on the publication of the White Paper ?

(b) If the answer is in the negative, do Government propose to do so now ?

2. Is it a fact that the Local Government has disallowed the interview of the Congress President with Mahatma Gandhi, and if so, on what grounds ?

3. (a) Is Government prepared to give an opportunity to political leaders holding Congress and non-Congress views to see Mahatma Gandhi in jail and discuss the present situation and the White Paper ?

(b) If the answer to 3 (a) is in the negative, will Government be pleased to state in what other way they propose to remove the present deadlock and let the people know the views of an important section of the country ?

THE HONOURABLE MR. M. G. HALLETT : 1 (a) and (b). No. To grant such permission would not be in accordance with the policy of Government as indicated in my reply to the Honourable Mr. Kalikar's question No. 141 on 29th November, 1932.

2. No application was received by the Government of Bombay from Mr. Aney asking for permission to interview Mr. Gandhi. He applied direct to the Superintendent of the Jail for interview, but did not state that it would be confined to the subject of untouchability. Permission was accordingly refused in view of the policy of Government in regard to interviews stated in my answer to the Honourable Mr. Vinayak Vithal Kalikar's question to which I have already referred.

3. (a) No.

(b) There is nothing to prevent political leaders who are not in jail publishing their views on the White Paper proposals ; Mr. Gandhi and other prisoners can bring their views to the notice of Government.

CLASSIFICATION OF POLITICAL PRISONERS.

182. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : 1. Has the attention of Government been drawn to complaints that political prisoners are wrongly classified in all provinces ?

2. What are the instructions of Government on the classification of political prisoners in all provinces and will Government be pleased to lay a copy on the table ?

3. (a) Is it a fact that the prisoners who were formerly placed in "A" and "B" classes have now been mostly placed in "C" class all over India ?

(b) If so, what has led to the lowering of status of these persons during the present civil disobedience campaign ?

THE HONOURABLE MR. M. G. HALLETT : 1. Allegations have been made that the classification of prisoners is not being conducted in accordance with the instructions and policy of the Government of India. The Government of India enquired from Local Governments and were satisfied that there was no justification whatsoever for the suggestion that classification was wrongly done.

2. I lay on the table the Communique issued by the Government of India on the 19th February, 1930, which clearly states the principles of classification of prisoners. The instructions draw no distinction between prisoners convicted of offences in connection with political movements and others.

3. (a) No. In a few cases persons convicted in connection with the civil disobedience movement in 1930 were given a higher classification than that to which they were entitled under the rules.

(b) Does not arise.

Communique.

The Government of India have for some time had under consideration the amendment of the jail rules in certain respects. The matter has been referred to Local Governments who have formulated their views after extensive consultation of non-official opinion. A conference of provincial representatives was thereupon held and the Government of India have also had discussions with some prominent Members of the Legislative Assembly. The problems under examination have been found difficult and complex and have led to the expression of widely divergent opinions. The Government of India have endeavoured to give due weight to, even when they have not been able to accept in full, the representations made. The conclusions at which they have arrived on the more important points, and which are designed to secure on matters of principle substantial uniformity throughout India, are now announced for general information.

Convicted prisoners will be divided into three divisions or classes, A, B and C. Prisoners will be eligible for class "A" if :

- (1) they are non-habitual prisoners of good character ;
- (2) they by social status, education and habit of life have been accustomed to a superior mode of living ; and
- (3) they have not been convicted of :
 - (a) offences involving the elements of cruelty, moral degradation or personal greed ;
 - (b) serious or premeditated violence ;
 - (c) serious offences against property ;
 - (d) offences relating to the possession of explosives, fire-arms and other dangerous weapons with the object of committing an offence or of enabling an offence to be committed ;
 - (e) abetment or incitement of offences falling within these sub-clauses.

Prisoners will be eligible for class "B" who by social status, education or habit of life, have been accustomed to a superior mode of living. Habitual prisoners will not be excluded automatically: the classifying authority will be allowed discretion to suggest their inclusion in this class having regard to their character and antecedents, subject to confirmation or revision by the Local Government.

Class "C" will consist of prisoners who are not classified in classes "A" and "B".

Classifying authority.—The High Courts, Sessions Judges, District Magistrates, Stipendiary Presidency Magistrates, Sub-divisional Magistrates and Magistrates of the first class (the two latter through the District Magistrate) in the cases tried by them originally, or in any other case, the District Magistrate, should make the initial recommendation for classification in classes "A" or "B" to the Local Government by whom these recommendations will be confirmed or reviewed.

Privileges of "A" and "B" class prisoners.—Certain forecasts of their decision which have been brought to the notice of the Government of India indicate considerable misconception in regard to this tripartite division and its effect upon existing classes of prisoners. It should be clearly understood that all prisoners within a class are eligible for the privileges of that class. No class of prisoners will be eligible for any additional privileges on the ground of race.

All privileges now given to special class prisoners will be continued to "A" class prisoners, such as separate cell accommodation, necessary articles of furniture, reasonable facilities for association and exercise, and suitable sanitary and bathing arrangements. In other matters the following decisions have been arrived at:

- (1) *Diet.*—The diet for classes "A" and "B" will be superior to the ordinary prison diet given to prisoners in class "C", and will be based on a flat rate of cost per prisoner, within the limits of which the actual food may vary. The cost of the superior diet provided in the case of classes "A" and "B" should be borne by Government. As special class prisoners are under the existing rules permitted to supplement the prison diet at their own expense, this privilege will be retained as at present as regards "A" class prisoners.
- (2) *Clothing.*—The existing rules regarding the privilege of special class prisoners to wear their own clothes will continue as regards "A" class prisoners. If they desire to have clothing at Government expense, they will be provided with that prescribed for "B" class prisoners. "B" class prisoners will wear prison clothing in certain respects and of a better type than that worn by "C" class prisoners.
- (3) *Accommodation.*—A separate jail in each province for classes "A" and "B" is desirable and its provision, though it must depend on the available financial resources of Local Governments should be regarded as the goal to be aimed at. Meanwhile, the Government of India hope that Local Governments will carefully review the resources of the jails now existing in the provinces and endeavour by such measures as are within their power to secure the end in view. In addition to separate accommodation, the Government of India, desire to emphasize the necessity of a special staff to deal with "A" and "B" class prisoners and are of opinion that this matter should receive the earliest possible attention.
- (4) *Prison tasks.*—In accordance with the principle already applied, the importance of which is reaffirmed, the tasks allotted to prisoners in "A" and "B" classes should be assigned after due consideration on medical grounds and with careful regard to the capacity, character, previous mode of life and antecedents of the prisoners.
- (5) *Facilities for reading.*—The Government of India accept the principle that reasonable facilities, subject to safeguards, should be provided by Government for the intellectual requirements of educated and literate prisoners. Local Governments will be requested to examine the condition of the jail libraries in the provinces and in cases where these are non-existent or defective to take early steps to establish or improve them. Literate prisoners may be allowed to read books and magazines from outside, subject to the approval of the Jail Superintendent.
- (6) Newspapers will be allowed to "A" class prisoners on the same conditions as under the existing rules they are allowed to special class prisoners, that is in special circumstances and with the approval of the Local Government. As regards literate prisoners generally, where Local Governments published a jail newspaper, or where they intend to publish it, this publication will be

available once a week for literate prisoners. Where Local Governments are unable to publish a weekly newspaper the Government of India have decided that a few copies of a weekly paper approved by the Local Government should be provided at Government expense for "A" and "B" class prisoners.

- (7) *Letters and interviews.*—"A" class prisoners will be allowed to write and receive one letter and have one interview a fortnight, instead of once a month as at present. "B" class prisoners to write and receive one letter and have an interview once a month, instead of at the considerably longer intervals now permitted under the various jail manuals. Publication of matters discussed at interviews or of the substance of letters received from prisoners may entail withdrawal or curtailment of the privilege.

Under-trial prisoners.—The Government of India accept the principle that some differentiation of treatment is desirable in the case of under-trial prisoners, who, by social status, education or habit of life, have been accustomed to a superior mode of living. There will therefore be two classes of under-trial prisoners based on previous standard of living only. The classifying authority will be the trying court, subject to the approval of the district magistrate. The diet provided for "A" and "B" class convicted prisoners will be given to the former and the diet of "C" class prisoners to the latter. Under-trial prisoners in either class will be allowed to supplement this diet by private purchase through the jail authorities. Under the existing rules they are allowed to wear their own clothing. The suggestion has been made that in cases where under-trial prisoners are inadequately clad or are unable to obtain clothing from outside, suitable clothing which should not be prison clothing, should be provided by the jail authorities. The Government of India commend this suggestion for adoption by Local Governments.

The Government of India are of opinion that the interpretation of the existing rules in a liberal spirit, together with the modifications now proposed and the provision of better and cellular accommodation will effect important improvements in the directions which the enquiry has indicated as desirable. They therefore hope that Local Governments will make every effort to improve the existing accommodation and will at once utilise and adapt their existing resources to the best possible advantage. In many of the opinions received by the Government of India stress has been laid on the desirability of separating under-trial prisoners who are habituals or charged with grave offences from those who have not been previously convicted. On this subject the Government of India consider that no further orders are necessary as they understand that this is the existing practice.

Local Governments are now being invited to amend their jail manuals in the light of these principles, and to frame rules where necessary under section 60 of the Prisons Act. Pending such revision they are being requested as far as possible to give immediate practical effect to these changes.

19th February, 1930.

C. W. GWYNNE.

CONDITIONS IN CHITTAGONG.

183. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA: Will Government be pleased to make a statement on the condition of Chittagong on the following lines:

- (a) The number of special troops stationed there and how long they will be kept there?
- (b) The amount of expenses incurred?
- (c) Have any cases occurred in which the police or the military have taken to task persons who were found to be innocent? If so, what action has been taken? If no action has been taken, were any such cases brought to the notice of Government and with what results?
- (d) How many persons have been shot? How many, if any of them, were found to have been innocent? Were their relatives given any relief or compensation? If so, what amount was spent on this account?

THE HONOURABLE MR. M. G. HALLETT : (a) One battalion. The troops will remain in the area as long as their presence is considered necessary

(b) The extra expenditure incurred up to the 18th December, 1932, was about Rs. 2·22 lakhs.

(c) I have some difficulty in appreciating what information the Honourable Member requires. Government have not any reason to believe that the police or the troops in their very difficult task of dealing with the terrorist movement in the Chittagong district have unnecessarily harassed innocent persons.

(d) The Honourable Member presumably is not referring to the number of persons shot by terrorists in the district, but wishes for information regarding the recent unfortunate incident in which two persons were shot by a military patrol. If so, I am prepared to make a statement.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Yes, Sir.

THE HONOURABLE MR. M. G. HALLETT : The facts are as follows. Information had been received that certain absconders (of whom several are still at large) were in the neighbourhood and a military patrol with a police officer was sent out on the night of the 7th instant to patrol the river bank and examine all persons moving by night in order to effect the arrest of the terrorists. Two men were seen to alight from a boat, and on being challenged immediately started to run, though a warning had been published by beat of drum in the locality telling people to halt when challenged. The patrol pursued them through a village calling on them to halt, but the men continued to run and when they reached an open field beyond the village the patrol fired seven shots at the men who were still running. Both were killed. The District Magistrate reports that the failure of the men to halt was very suspicious in view of the warning that had been issued and of the fact that on the previous night on the opposite bank of the river two youths had escaped through a military cordon and though pursued had disappeared. The patrols on this side of the river had special orders to watch for terrorists and absconders trying to cross from the other side. The Commissioner has recommended the payment of compensation and the recommendation is before the Bengal Government. The Government of India very greatly regret the occurrence.

STATEMENTS LAID ON THE TABLE.

COMMERCIAL TREATIES AND NOTES AFFECTING INDIA.

THE HONOURABLE MR. T. A. STEWART (Commerce Secretary) : Sir, I beg to lay on the table a further list of Commercial Treaties and Notes affecting India. The agreements mentioned in Part II are also laid on the table.

Part I.

The Notes mentioned in this part merely provide for the prolongation until the 16th February, 1933, under the same conditions as now obtaining, of the Provisional Commercial Agreement concluded between the Egyptian Government and the Government of the United Kingdom and Northern Ireland by the Notes, dated the 5th and 7th June 1930.

Country.	Nature of Agreement.	Description.	Date.
Egypt	Notes	Commerce	January 23—26, 1932.

Part II.

India is a party to the agreements mentioned in this part.

Country.	Nature of Agreement.	Description.	Date.
1. Poland	Convention and Notes	Commerce	May 8, 1931.
2. Brazil	Notes	Commerce	July 21, 1932.
3.* General	International Convention and Protocol.†	Economic Statistics	December 14, 1928.

*The accession of India to this Convention under Article 17 thereof is subject to the following reservations :

'A'.—Under the terms of Article 11 the obligations of the Convention shall not extend to the territories in India of any Prince or Chief under the suzerainty of His Majesty the King Emperor.

"B".—(1) Article 2 (1) (a). The provisions for returns of "transit trade" made in Annexure 1, Part I, 1 (b) shall not apply to India nor shall returns of the "land frontier trade" of India be required.

(2) Article 2 II (a). The question whether a general census of agriculture can be held in India and if so, on what lines and at what intervals still remains to be settled. For the present India can assume no obligations under this article.

(3) Article 2 III (b) (1). For farms in the "permanently settled" tracts in India, estimates of the cultivated areas may be used in compiling the returns.

(4) Article 2 III (b) (2). The returns of quantities of crops harvested may be based on estimates of yield each year per unit area in each locality.

(5) Article 2 III (d). Complete returns cannot be guaranteed from Burma and in respect of the rest of India, the returns shall refer to Government forests only.

†Not printed in these Debates but a copy has been placed in the Library.

Convention between India and Poland respecting the commercial relations between the two countries.

His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India,

and the President of the Polish Republic,

desiring to facilitate the commercial relations between India and Poland,

have resolved to conclude a Convention for that purpose and to that end have appointed as their Plenipotentiaries :

His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India,

for India :

The Right Honourable Sir William Augustus Forbes Erskine, G.C.M.G., M.V.O.,
His Majesty's Ambassador Extraordinary and Plenipotentiary to the Polish Republic,

The President of the Polish Republic :

His Excellency August Zaleski, Minister for Foreign Affairs,

His Excellency Aleksander Prystor, Minister of Commerce and Industry ;

who having communicated to each other their full powers found in good and due form have agreed as follows :—

Article 1.—The territories of the High Contracting Parties to which the present Convention applies are, on the part of His Majesty, India, and on the part of the President of the Polish Republic, the Polish Customs Territory.

Article 2.—Any article the produce or manufacture of the territories of one of the High Contracting Parties shall enjoy unconditionally upon importation into the customs territory of the other High Contracting Party treatment at least as favourable as that accorded or to be accorded in future to goods produced or manufactured in any other foreign country—and shall in particular not be subject to customs duties, additional customs charges or to any other charges higher than those to which goods of the same kind of the most favoured foreign country are, or will be, subject.

Articles produced or manufactured in the territories of either of the High Contracting Parties exported to the territories of the other shall not be subjected to customs duties or other charges higher than those paid on articles of the same kind exported to any other foreign country.

Each of the High Contracting Parties undertakes to grant to the other immediately and unconditionally every concession, privilege in customs matters and every reduction of customs duties or charges which have been or may be accorded in future in his territories temporarily or permanently to any other foreign country.

Article 3.—The stipulations of article 2 do not apply :

- (1) To privileges which have been or may be accorded in future by each of the High Contracting Parties to the frontier traffic with the neighbouring States ;
- (2) To special favours resulting from a Customs Union with a third State ;
- (3) To the provisional customs regime at present existing between the Polish and the German portions of Upper Silesia ;
- (4) To privileges and facilities of any kind which Poland has accorded or may accord in future to Latvia, Estonia, Finland or Lithuania.

Article 4.—Neither of the High Contracting Parties shall introduce or maintain in force any prohibitions or restrictions on the importation into his territories of goods the produce or manufacture of the territories of the other or on the exportation from his territories of goods consigned to the territories of the other which are not simultaneously applied to the importation of goods of the same kind of any other foreign country or to the exportation of goods of the same kind to any other foreign country.

This stipulation shall not apply to prohibitions or restrictions issued for reasons of public safety or of the protection of animals or plants against diseases or pests, on the condition, however, that such prohibitions and restrictions shall not be applied in a manner that would create an arbitrary discrimination between foreign countries in which conditions of the same kind prevail, or in a manner that would cause a concealed restriction in the international exchange of goods.

Article 5.—The present Convention shall be ratified and the instruments of ratification shall be exchanged at London as soon as possible. It shall come into effect thirty days after the exchange of the instruments of ratification and shall remain in force until the expiration of six months from the date on which a notice of denunciation is transmitted by One of the High Contracting Parties to the Other.

Done in duplicate each in English and Polish, both authentic.

In witness whereof the above-named Plenipotentiaries have signed the Present Convention and have applied thereto their seals.

Warsaw, the 8th of May 1931.

WILLIAM ERSKINE.

AUGUST ZALESKI.

A. PRYSTOR.

Sir W. Erskine to M. Zaleski.

No. 78.

Warsaw, May 8, 1931.

Your Excellency,

I have the honour to acknowledge the receipt of Your Excellency's note No. P. V. 1488/31 of to-day's date, in which your Excellency makes the following declaration :

"In connexion with the signature today of the Convention between Poland and India respecting the commercial relations between the two countries, I have the honour to declare in the name of the Polish Government that, in accordance with article 104 of the Peace Treaty of Versailles of the 28th June, 1919, the Polish Customs' Area includes the territory of the Free City of Danzig."

2. I have the honour to inform Your Excellency that I have taken cognisance of the contents of your note.

I avail, etc.,

WILLIAM ESKINE.

Exchange of Notes relating to the Indo-Brazilian Commercial Agreement.

No. 128.

British Embassy,

Rio de Janeiro.

July 21st, 1932.

Monsieur le Ministre,

The Government of India and the Brazilian Government being desirous of concluding by an exchange of identic notes an arrangement for facilitating and regulating commercial relations between the two countries, I have the honour, under instructions from His Majesty's Principal Secretary of State for Foreign Affairs, and in accordance with the wishes of the Government of India, to confirm to Your Excellency that the Government of India approve an arrangement in the following terms :—

(1) (a) Goods, the produce or manufacture of Brazil imported into India (whether for consumption, re-export or transit) will receive treatment not less favourable than that granted to goods, the produce or manufacture of any other country not being part of the territory of His Majesty's dominions or territory under His Majesty's protection or mandate.

(b) Goods, the produce or manufacture of India imported into Brazil (whether for consumption, re-export or transit) will receive treatment not less favourable than that granted to goods, the produce or manufacture of any other foreign countries.

(2) The arrangement constituted by the present exchange of notes shall come into force immediately and shall continue until six months after notice of its termination shall have been given by either party.

(3) It is agreed that the above provisions of reciprocal most-favoured-nation treatment shall not extend to advantages now accorded to adjacent countries in order to facilitate frontier traffic or to advantages granted to a third country in virtue of a customs union which has already been or may hereafter be concluded.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

(Sd.) E. KEELING,

His Majesty's Charge d'Affaires.

His Excellency

Dr. Afranio deMello Franco,

Minister for Foreign Affairs,

Rio de Janeiro.

Translation of Despatch from Minister for Foreign Affairs, Rio de Janeiro.

Ministry for Foreign Affairs,

Rio de Janeiro.

July 21st, 1932.

Monsieur le Charge d'Affaires,

I have the honour to acknowledge the receipt of the Note of the 21st of the current month in which, acting under instructions from His Majesty's Principal Secretary of State for Foreign Affairs, you confirmed to me that, the Governments of Brazil and of India being desirous of concluding by an exchange of identic notes, an agreement destined to facilitate and regularise the commercial relations between the two countries, the Government of India is ready to approve an agreement in the following terms:—

(1) (a) Goods, the produce or manufacture of Brazil imported into India (whether for consumption, re-export or transit) will receive treatment not less favourable than that granted to goods, the produce or manufacture of any other country not being part of the territories of His Majesty's dominions or territories under His Majesty's protection or mandate.

(b) Goods, the produce or manufacture of India imported into Brazil (whether for consumption, re-export or transit) will receive treatment not less favourable than that granted to goods, the produce or manufacture of any other foreign country.

(c) The agreement thus constituted shall come into force immediately, and shall continue in force until six months from the date of its denunciation by either of the two parties.

(d) It is agreed that the above provisions of reciprocal most-favoured-nation treatment shall not extend to advantages now accorded to adjacent countries in order to facilitate frontier traffic, or to advantages granted to another country in virtue of a customs union which has already been or may hereafter be concluded.

(2) In reply I have to inform you that the Brazilian Government accepts the proposal submitted by you and assumes the responsibilities arising therefrom, contained in the Note to which I have the honour to reply.

I avail myself, etc.,

(Sd.) A. DE MELLO FRANCO.

Mr. E. S. Keeling,

His Majesty's Charge d'Affaires.

GUARDS ON THE EASTERN BENGAL RAILWAY.

THE HONOURABLE SIR GUTHRIE RUSSELL: (Chief Commissioner for Railways): Sir, I lay on the table the information promised in reply to question No. 111 by the Honourable Mr. Satyendra Chandra Ghosh Maulik on the 4th March, 1933.

1. There are at present 202 "A" class and 125 "B" class guards on the Eastern Bengal Railway.

2. Yes, except the more important trains, which are worked by "B" class guards only.

3. Pay of "A" class guards is Rs. 40 per mensem on probation, Rs. 45 per mensem on confirmation rising to Rs. 100 per mensem by annual increments of Rs. 5 and that of "B" class is Rs. 100 per mensem on probation, Rs. 110 per mensem on confirmation rising by annual increments of Rs. 10 to Rs. 210 per mensem.

The rates of mileage allowances for "A" class and "B" class guards are given below :

<i>Pay.</i>	<i>Rate per 100 miles.</i>
	<i>Rs. a. p.</i>
Rs. 115 to Rs. 210	2 0 0
Rs. 100 to Rs. 114	1 8 0
Rs. 66 to Rs. 99	1 4 0
Rs. 50 to Rs. 65	1 0 0
Rs. 40 to Rs. 49	0 12 0

ACTION TAKEN ON RESOLUTIONS ACCEPTED IN THE COUNCIL OF STATE SINCE THE INCEPTION OF THE MONTFORD REFORMS.

THE HONOURABLE MR. J. BARTLEY Government of India : (Nominated Official): Sir, I lay on the table the information promised in reply to question No. 82 asked by the Honourable Mr. Satyendra Chandra Ghosh Maulik on the 21st September, 1932.



Statements completing the information contained in the statements printed on pages 623 to 627 of the Council of State Debates, dated 21st March, 1927, and pages 3147 to 3150 of the Legislative Assembly Debates, dated 22nd August, 1927, regarding the action taken by Government since then on the Resolutions adopted by the Council of State since its inception to the end of Delhi Session, 1927.

Serial No.	By whom.	Date on which moved.	Subject of Resolution.	Department concerned.	Action taken.
1	The Honourable Mr. Lalubhai Samaldas.	23rd Feb., 1921	Regarding Fiscal autonomy.	Commerce	Given effect to in full.
2	The Honourable Maung Po Bye.	28th Feb., 1921	Regarding Burma Reforms Scheme.	Home	The Committee's Report was received and the reforms have since been introduced.
3	The Right Honourable V. S. Sastri.	3rd March, 1921.	Regarding amendment of certain enactments in regard to use of fire-arms.	Do.	A Bill was introduced and passed in the Council of State in September, 1921. On further examination Government did not find it feasible to provide satisfactorily by legislation for a principle which had hitherto been regulated by executive orders and the matter was not proceeded with.
4	The Honourable Lala Sukhbir Sinha.	26th March, 1921.	Regarding exemption of Magistrates and members of the Indian Legislature from the operation of the Arms Act.	Do.	Local Governments were consulted in the matter. They were practically unanimous in opposing the proposal to extend exemption to magistrates and members. The matter was referred to the Arms Rules Committee of 1922 who recommended the exemption of members of Legislature during their term of office and 6 months thereafter but did not recommend exemption of members of Provincial Legislative Council or of magistrates. The recommendations of the Committee were accepted by the Government of India.

Serial No.	By whom.	Date on which moved.	Subject of Resolution.	Department concerned.	Action taken.
5	The Honourable Dr. Ganga Nath Jha.	23rd Sep., 1921.	Uniform system of weights and measures.	Commerce	Given effect to in full, <i>vide</i> Resolution No. 9, dated the 3rd January, 1922, published in the Supplement to the <i>Gazette of India</i> of the 7th <i>idem</i> .
6	The Honourable Mr. P. C. Sethna.	26th Sep., 1921.	Administration of Aden by the Government of India.	Foreign and Political.	The Resolution was transmitted to the Secretary of State. The political and military control of Aden was eventually transferred to His Majesty's Government with effect from the 1st April, 1927.
7	The Honourable Mr. H. A. F. Lindsay.	27th Sep., 1921.	Limitation of hours of work in fishing industry.	Commerce	The Resolution was accepted by the Government of India.
8	Do.	Do.	Establishment of National Seamen's Code.	Do.	Ditto.
9	Do.	Do.	Unemployment insurance for seamen.	Do.	Ditto.
10	Do.	Do.	Minimum age for admission of children to employment at sea.	Do.	The Government of India notified the ratification of the Convention subject to the reservations mentioned in the Resolution as adopted by the Council of State but it was pointed out to them that ratification of a Convention could not be accompanied by reservations. They did not therefore find it possible to ratify the Convention, but with a view to make the provisions of the Convention effective it was decided to amend the Indian Law and to undertake the necessary legislation. As there were many other amendments arising out of the various Conventions concerning

11	Do.	Do.	Unemployment indemnity in case of loss or foundering of a ship.	Do.	As a result of the enquiries which the Government of India undertook to make they came to the conclusion that the Indian Merchant Shipping Act should be amended on the lines recommended in the Resolution. Accordingly a Bill was prepared in January, 1931, which was duly passed by the Indian Legislature and was enacted as the Indian Merchant Shipping (Amendment) Act, 1931.	seamen, an omnibus Bill was introduced in the Legislature in 1931 and after being duly passed, it was enacted as the Indian Merchant Shipping (Amendment) Act, 1931.
12	Do.	Do.	Facilities for finding employment for seamen.	Do.	As a result of the recommendations of the Seamen's Recruitment Committee, 1922, the superior staff in the Shipping Offices at Calcutta and Bombay, which are the only ports in India where seamen are recruited in large numbers, has been strengthened and a revised system of recruitment has been introduced.	
13	The Honourable Mr. Phiroze C. Sethna.	26th Jan., 1922.	Increase in the appointment of Indians in Port Trusts.	Do.	The Resolution was accepted by the Government of India and as a result, the various Port Trust Acts of the major ports, with the exception of Aden (where conditions are peculiar) and Chittagong (which was then a minor port), were amended to provide for increased representation of Indian commercial bodies on the Port Trusts or Commissions. Chittagong was declared to be a major port in April, 1928, and the constitution of the Port Commission was amended so that Indian commercial interests might have larger representation.	

Serial No.	By whom.	Date on which moved.	Subject of Resolution.	Department concerned.	Action taken.
14	The Honourable Mr. Lalubhai Samaldas.	15th Mar., 1922.	Carriage of Government and Railway materials by Indian Shipping Companies.	Commerce	The Resolution was accepted by the Government of India and the authorities concerned were asked, where possible, to give Indian Shipping Companies an opportunity in future for tendering for the carriage of Government stores.
15	Do.	16th Mar., 1922.	Shipbuilding Industry in India.	Do.	The Indian Mercantile Marine Committee was appointed in February, 1923, <i>inter alia</i> , to consider what measures could usefully be taken for the encouragement of shipbuilding in India.
16	The Honourable Mr. H. A. F. Lindsey.	19th Sep., 1922.	Limitation of hours of work on inland navigation.	Do.	The recommendation of the Council of State that no action should be taken in the matter was accepted by the Government of India. A copy of the Resolution was also communicated to the Secretary-General of the League of Nations.
17	Do.	Do.	Trimmers, stokers and children employed at sea.	Do.	The Conventions on the subject were ratified with the approval of the Indian Legislature and the Indian Merchant Shipping (Amendment) Act, 1931, was enacted to give effect to the provisions of the Conventions.
18	Do.	Do.	Weekly rest day in commercial establishments.	Do.	The recommendation of the Council of State was accepted by the Government of India and action taken accordingly. A copy of the Resolution was also communicated to the Secretary-General of the League of Nations.

19	The Honourable Mr. Voman Govind Kale.	25th Sep., 1922.	Collection, compilation of and publication of statistics relating to the economic, social and constitutional progress in India.	Do.	The Director General of Commercial Intelligence and Statistics was asked to examine all the publications of the Department of Statistics with a view to seeing that so far as possible the statistics in their new and simpler form would meet all practical requirements.
20	The Honourable Sir Dinabaw E. Wachha.	16th and 19th Feb., 1923.	Census of production of British India.	Do.	A consolidated publication entitled Statistical Abstract for British India containing all the statistics as desired is published annually.
21	The Honourable Sir Maneckji B. Dadabhoy.	5th Feb., 1924	Award of the Nobel prize for peace to His Highness the Aga Khan.	Foreign and Political.	A certified copy of the Resolution together with a copy of the debate on the subject was forwarded on the 11th April, 1924, to the Secretary of the Nobel Committee of the Norwegian Parliament, for the information of that Committee. The Government of India have heard nothing further on the subject.
22	The Honourable Mr. J. Crerar.	11th Mar., 1924.	Ratification of the International Convention for the suppression of, and traffic in, obscene publications.	Home	The Government of India intimated to the Secretary of State their agreement that the convention should be ratified on behalf of India, and the amendments made in the I. P. C. and Code of Criminal Procedure by the Obscene Publications Act, 1925.
23	The Honourable Mr. D. T. Chadwick.	4th June, 1924	Removal of import duty on sulphur.	Commerce	A notification No. 2238, dated 9th June, 1924, under the Sea Customs Act, was issued exempting sulphur from import duty.
24	The Honourable Mr. J. Crerar.	15th and 16th Sep., 1924.	Recommendations of Lee Commission.	Home	The outstanding action on part (3) of the resolution has since been taken.
25	The Honourable Sir Muhammed Habibullah.	17th Feb., 1925.	Appointment of a member of the Council of State to the Governing Body of the Lady Hardinge Medical College.	Education, Health and Lands.	A member of the Council of State is nominated by the Government of India to serve on the Governing Body of the Lady Hardinge Medical College, Delhi, as a representative of that House.

Serial No.	By whom.	Date on which moved.	Subject of Resolution.	Department concerned.	Action taken.
26	The Honourable Mr. Phirozo C. Sethna.	8th Sep., 1925	Indianisation of the staff and establishment of the High Commissioner for India in the United Kingdom.	Commerce	A copy of the debate on the Resolution was forwarded to the High Commissioner and he was informed that the Government of India desired that the principle involved in the Resolution should be followed and that consistently with economy and efficiency opportunities should be taken to Indianise the higher staff of the establishment. He has given effect to the wishes of the Government of India in the matter.
27	The Honourable Mr. D. T. Chadwick.	9th Sep., 1925	Bounty on steel manufactured in India.	Do.	The Tata Iron and Steel Company, Limited, was the only Company that fulfilled the conditions subject to which the payment of bounties on steel manufactured in India was recommended. This Company was paid Rs. 18½ lakhs on this account during the six months ending 31st March, 1926, and Rs. 41½ lakhs during 1926-27, that is, the maximum total of Rs. 60 lakhs recommended by the Council.
28	The Honourable Mr. J. Crerar.	11th and 12th Sep., 1925.	Recommendations of the Majority Report of the Reforms Enquiry Committee.	Home	Action taken on the recommendations of the Reforms Enquiry Committee is set out on pages 213—290 of the volume containing the Memoranda submitted to the Indian Statutory Commission by the Government of India, which is in the library of the Legislature. The advent of further constitutional enquiries and discussions still in progress has affected the position; the Government of India do not therefore propose to take further action on these recommendations at present.

29	The Honourable Dr. Sir Deva Prasad Sarvadhinikary.	16th Sep., 1926.	Work done by the Central Government in connection with the transferred subjects.	Do.	The remarks against item 28 apply to this also.
30	The Honourable Mr. J. C. Crerar.	16th Sep., 1926.	Standing Committees to deal with Bills relating to Hindu Law and Muhammadan Law.	Do.	This arose out of recommendation No. 6 of the Reforms Enquiry Committee, and the remarks against item 28 above apply to this also.
31	The Honourable Mr. A. H. Ley.	10th Feb., 1926.	Ratification of the Draft Convention of the International Labour Conference concerning Workmen's compensation for occupational diseases.	Industries and Labour.	The Resolution was accepted. No action was required, as the Indian Workmen's Compensation Act, 1923, had already been amended to bring it into conformity with the Convention.
32	The Honourable Mr. D. T. Chadwick.	Do.	Continuation of the imposition of a customs duty on lac.	Commerce	A notification was issued on the 20th February, 1926, declaring that sections 2 to 6 of the Indian Lac Cess Act, 1921 (XIV of 1921), should continue in force until the 31st December, 1931.
33	The Honourable Mr. K. C. Roy.	15th Feb., 1926.	Royal Commission on Agriculture.	Education, Health and Lands.	The correspondence which passed between the Government of India and the Provincial Governments and between the Government of India and the Secretary of State was laid on the table.
34	The Honourable Mr. D. T. Chadwick.	23rd Feb., 1926.	Grant of supplementary assistance to tin-plate industry.	Commerce	(1) A notification No. 260-T. (57), dated the 27th February, 1926, under the Indian Tariff Act, was issued raising the import duty on steel, tin-plates and tinned sheets including the tappers, from Rs. 60 per ton to Rs. 85 per ton, and (2) a notification No. 5, dated 27th February, 1926, under the Sea Customs Act, was issued reducing the import duty on tin block, from 15 per cent. <i>ad valorem</i> to a specific duty of Rs. 250 per ton.

Serial No.	By whom.	Date on which moved.	Subject of Resolution.	Department concerned.	Action taken.
35	The Honourable Mr. G. S. Khaparde.	15th March, 1926.	Salaries of the two members of the Judicial Committee of the Privy Council with Indian experience.	Home . .	The Appellate Jurisdiction Act was passed in 1929 (19 Geo. 5, Ch. 8), and disposed of the question.
36	The Honourable Sir Muhammad Habibullah.	23rd March, 1926.	Emigration of Indian unskilled labourers to British Guiana.	Education, Health and Lands.	The terms of the resolution passed were communicated to the Secretary of State for India and the Government of British Guiana. The Colonial Government have since decided to postpone indefinitely the scheme for the emigration of unskilled Indian labour to the Colony. No further action on the part of the Government of India is called for in the matter.
37	The Honourable Sir Haroon Jaffer.	10th March, 1926, and 23rd Aug., 1926.	Banking legislation . .	Finance . .	Banking Committees were appointed in 1929 and a statement showing the action taken on their recommendations has been laid on the table of the House.
38	The Honourable Mr. V. Ramadas Pantulu.	9th Feb., 1927.	Moderation in the use of alcoholic liquors in Local Administrations under the direct control of the Government of India.	Finance (Central Board of Revenue).	Examined : no action taken.
39	The Honourable Mr. Mahmood Suhrawardy.	Do.	Appointment of a Committee to examine the desirability of developing the road system of India.	Industries and Labour.	After consultation with Local Governments, the Committee recommended in this Resolution was duly appointed in November, 1927, with Mr. Jayakar as Chairman and it submitted its report in 1928.

40	The Honourable Mr. V. Ramadas Pantulu.	24th Feb., 1927	Reduction of agricultural indebtedness and establishment of Land Mortgage Banks.	Education, Health and Lands.	<p>A copy of the debates in the Council of State, on the subject, was forwarded to all Local Governments for information and such action as they may deem necessary. The minor administrations of North-West Frontier Province (now a Governor's Province), Baluchistan, Ajmer-Merwara, Coorg and Delhi were supplied with a copy of the debates for remarks in so far as the areas under them were concerned. Three Land Mortgage Banks have been established in Ajmer-Merwara, and the feasibility of opening one in Coorg is being investigated. In Delhi and in Baluchistan the co-operative movement has not yet made sufficient progress to justify their establishment. Measures for the reduction of agricultural indebtedness are also being taken in the various provinces.</p>
41	Do.	3rd March, 1927.	Management and upkeep of fish curing yards in the Madras Presidency.	Finance (Central Board of Revenue).	Examined : no action taken.
42	Do.	7th March, 1927.	Provision of further facilities for military training to students in Indian universities.	Army	Further facilities have been provided. Attention is invited to the Army Department Resolution published in the <i>Gazette of India</i> of the 20th August, 1927.
43	The Honourable Ebrahim Jaffer.	Do.	Provision of tuberculosis hospitals, sanatoria and institutions for training practitioners in the treatment of tuberculosis.	Education, Health and Lands.	As Local Governments, etc., who were asked for their views on the subject were not unanimous as to the utility of the proposed conference to discuss the question, it was decided to postpone the holding of the conference <i>sine die</i> .

Serial No.	By whom.	Date on which moved.	Subject of Resolution.	Department concerned.	Action taken.
44	The Honourable Sir Ebrahim Jaffer.	9th March, 1927.	Control of the craze for medicinal drugs.	Education, Health and Lands.	In pursuance of this resolution and after consulting Local Governments the Drugs Enquiry Committee was appointed in 1930. The Committee has since submitted its Report and the recommendations made therein will be considered on receipt of the views of Local Governments, who have been addressed in the matter.
45	The Honourable Mr. Anugraha Narayan Sinha.	Do.	Amendment of the Indian Forest Act, 1878.	Do.	All Local Governments and Administrations who were addressed in 1927 agreed that a revision of the Indian Forest Act was not necessary. Their replies indicated that there was no justification for the apprehension that the Act was not working satisfactorily both from the public and the administrative point of view. The question was accordingly dropped.
46	The Honourable Mr. V. Ramadas Pantulu.	21st March, 1927.	Censorship and Control over cinemas and other public resorts of amusement.	Home	Effect was given to this resolution by the appointment of the Indian Cinematograph Committee, the terms of reference to which were set out in the Home Department Resolution No. D.4169, dated the 6th October, 1927.
47	The Honourable R. B. Lala Ram Saran Das.	Do.	Assignment of a suitable place in the Warrant of Precedence to Members of the Council of State.	Do.	As the Warrant is intended to regulate the position of officials inter se the question of including Members of the Council of State in the Warrant could not be pursued.

B

Statements showing the Resolutions adopted by the Council of State from the Simla Session, 1927, to the Delhi Session, 1932, and action taken by Government thereon.

Serial No.	By whom.	Date on which moved.	Subject of Resolution.	Department concerned.	Action taken by Government.
1	The Honourable Sir Muhammad Habibullah.	15th Sep., 1927.	Inspection of emigrants and protection of emigrant women and girls on board ship.	Education, Health and Lands.	As promised in Sir Muhammad Habibullah's speech in moving the Resolution, legislation to amend the Indian Emigration Act, No. VII of 1922, so as to enable the Governor General in Council to carry out the provisions of the Convention has been undertaken.
2	The Honourable Mr. H. G. Haig.	15th Sep., 1927	Consorship of cinematograph films.	Home	Effect was given to this resolution by the appointment of the Indian Cinematograph Committee, the terms of reference to which were set out in the Home Department Resolution No. D-4169, dated the 6th October, 1927.
3	The Honourable Sir Geoffrey Corbett.	20th Sep., 1927.	Ratification of the Draft Conventions concerning (1) seamen's articles of agreement and (2) the repatriation of seamen.	Commerce	(1) The Government of India have decided to ratify this Convention and steps have been taken to communicate their decision to the Secretary General of the League of Nations. (2) The Government of India have decided to follow the lead of His Majesty's Government in respect of this Convention and are awaiting their decision.

Serial No.	By whom.	Date on which moved.	Subject of Resolution.	Department concerned.	Action taken by Government.
4	The Honourable Sir Geoffrey Corbett.	20th Sep., 1927.	Recommendations concerning (1) the repatriation of masters and apprentices and (2) the general principles for the inspection of the conditions of work of seamen.	Commerce	<p>(1) The Government of India have decided to follow the lead of His Majesty's Government and are awaiting the action taken by them.</p> <p>(2) The Government of India have accepted the Recommendation subject to the explanation that the term "Vessel flying the national flag" referred to in Article 10 thereof is understood as meaning "Vessel registered in British India". The India Office has been asked to inform the Secretary General of the League of Nations of the action taken by the Government of India on the Recommendation.</p>
5	The Honourable Sir Phiroze Sethna.	13th Feb., 1928.	Appointment of Trade Commissioners or Commercial Attachés in the Colonies and in Europe and America.	Do.	<p>The Government of India have, with the approval of the Secretary of State for India, sanctioned the creation on a temporary basis of six posts of Indian Trade Commissioners, one each at Hamburg, Milan, New York, Alexandria, Durban and Mombasa, and Indians are to be appointed to these posts as far as possible. The appointment at Hamburg has been filled by Mr. S. N. Gupta, I.C.S., and a non-official Mr. A. R. Ahuja, has been selected for the appointment at Milan. He is, however, still under training in India. Further progress with the scheme has been held up on account of financial stringency.</p>

	The Honourable Mr. P. C. D. Chari.	22nd Feb. 1928.	The Statutory Commission.	Home (Reforms Office.) Industries and Labour.	Full effect was given.
6	The Honourable Mr. A. C. McWatters.	20th March, 1928.	Non-ratification of the Draft Conventions of the non-acceptance of the Recommendation adopted by the tenth International Labour Conference on the subject of sickness insurance.		The Resolution was accepted and required no action. In accordance, however, with the undertaking given in the Council, the Government of India invited in a circular letter issued in September, 1928, the views of the Local Governments on the possibility of introducing some scheme of sickness insurance. On receipt of the Local Governments' replies further action was held up pending the Report of the Royal Commission on Labour. The question is now under examination in the light of the Recommendations made by the Commission.
8	The Honourable Sir Phiroze Sethna.	17th Sep., 1928.	The report of the Agricultural Commission.	Education, Health and Lands.	The report of the Royal Commission has been considered by the Government of India and such action as was feasible has been taken by them on its Recommendations.
9	The Honourable Mr. G. S. Khaparde.	17th Sep., 1928.	Revision of the Time Test in the Post Offices.	Industries and Labour.	Mr. G. V. Bewoor, C.I.E., I.C.S., Postmaster-General, was placed on special duty in October, 1928, and the late Babu Tarapada Mukerji, the then General Secretary of the All-India (including Burma) Postal and R. M. S. Union, was associated with him throughout his investigations. Mr. Bewoor submitted in January, 1929, a Report on the Revision of Time Tests in the Post Office with which the late Babu Tarapada Mukerji agreed through-out. After careful consideration, the Government of India issued orders in April, 1930, accepting generally the Recommendations made in Mr. Bewoor's Report. The orders of the Government of India were also circulated to the

Serial No.	By whom.	Date on which moved.	Subject of Resolution.	Department concerned.	Action taken by Government.
10	The Honourable Rai Bahadur Lala Ram Saran Das.	27th Feb., 1929.	Import and manufacture of solidified vegetable oil, etc.	Commerce	officers concerned of the Posts and Telegraphs Department with G. O. No. 2-Post Office, dated the 11th July, 1930, issued by the Director General of Posts and Telegraphs. Action was deferred till the receipt of the views of the Local Governments consulted on the subject. After careful consideration of the replies received the Government of India arrived at the conclusion that no case had been established for action by them.
11	The Honourable Mr. T. Ryan.	24th and 26th Sep., 1929.	Fixation of minimum wages in certain trades.	Industries and Labour.	The Resolution was accepted. It required no action.
12	The Honourable Sir Sankaran Nair.	19th Feb., 1930.	Announcement by the Governor General on the subject of Constitutional Progress in India.	Home (Reforms Office.)	Full effect was given.
13	The Honourable Mr. J. A. Shullidy.	4th March, 1930.	Road Development.	Industries and Labour.	Effect has been given to the Resolution as adopted.
14	The Honourable Mr. J. A. Shullidy.	10th March, 1930.	Recommendation of the International Labour Conference, concerning the Prevention of Industrial accidents.	Do.	Please see the statement made on the subject in the Council of State on 5th October, 1931. The Government of India have since embodied certain provisions on the lines of the Recommendation in a draft Factories Bill which has been published for criticism.

STATEMENTS LAID ON THE TABLE.

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15	The Honourable Mr. Surput Sing.	11th March, 1930.	Slump in Government securities.	Finance .	Government is shaping its financial policy in accordance with the Recommendation.
16	The Honourable Mr. Ramaswami Mudaliar.	20th March, 1930.	Date for the convening of the Round Table Conference.	Home . (Reforms Office).	Full effect was given.
17	The Honourable Mr. J. A. Woodhead.	15th July, 1930.	Protection against accidents of workers employed in loading and unloading ships.	Commerce .	On the 14th March, 1932, the Honourable Mr. J. C. B. Drake (Commerce Secretary) made a statement in the Council of State explaining the action taken by the Government of India up to that date on the Resolution. In the third paragraph of that statement it was stated that the Government of India proposed to await further developments regarding the revision of the Draft Convention and Recommendations concerning the protection against accidents of workers employed in loading or unloading ships adopted by the International Labour Conference in 1929 before taking any action regarding ratifying the Draft Convention and accepting the Recommendations. At its sixteenth session held in April, 1932, the International Labour Conference adopted a Revised Draft Convention and a Recommendation. The question of ratifying the Revised Draft Convention and accepting the Recommendation adopted by the International Labour Conference is at present under the consideration of the Government of India.
18	The Honourable Mr. J. A. Woodhead.	15th July, 1930.	Marking of the weight on heavy packages transported by vessels.	Do.	The Draft Convention concerning the marking of the weight on heavy packages transported by vessels was ratified on behalf of India.

Serial No.	By whom.	Date on which moved.	Subject of Resolution.	Department concerned.	Action taken by Government.
19	The Honourable Mr. J. A. Woodhead.	26th Feb., 1931.	Continuance of the increased import duties on galvanised iron and steel pipes and sheets, etc.	Commerce	Notification No. 230-T. (127), dated the 21st March, 1931, was issued continuing the increased import duties on galvanised iron and steel pipes and sheets up to the 31st March, 1932.
20	The Honourable Mr. Syed Abdul Hafeez.	18th March, 1931.	Constitution of a Central Jute Committee.	Education, Health and Lands.	The proposal is under consideration.
21	The Honourable Sir Joseph Bhowe.	29th March, 1931.	Regulation of the hours of work in commerce and offices, hotels, restaurants, etc.	Industries and Labour.	The Resolution was accepted; it required no action.
22	The Honourable Sir C. P. Ramaswami Aiyar.	24th Sep., 1931.	Travelling and daily allowances of members of the Council of State.	Legislative	Resolution accepted and rules regulating the allowances of members amended accordingly.
23	The Honourable Mr. A. Brebner.	26th Sep., 1931.	Utilization of the apportionment made from among Governors' Provinces and minor Administrations in the Road Development Account.	Industries and Labour.	The Governments of Bombay, the Punjab, the Central Provinces, and Assam have so far availed themselves of the facilities afforded by the Resolution, on the conditions specified therein.
24	The Honourable Mr. H. W. Emerson.	5th Oct., 1931	Recommendation of the International Labour Conference concerning Forced or Compulsory Labour.	Home	In accordance with the Resolution passed by the Indian Legislature in regard to the Convention on Forced Labour, Local Governments and Administrations have been asked to amend local Acts and issuing suitable executive instructions with a view to the abolition of all forms of Forced Labour covered by the Resolution. The

25	The Honourable Mr. J. A. Shillidy.	2nd March, 1932.	Hours of work in coal mines.	Industries and Labour.	question of amending the relevant acts of the Central Legislature is under consideration.
26	The Honourable Mr. J. A. Shillidy.	24th March, 1932.	Amendment of the Resolution on Roads adopted by the Council on the 4th March, 1930.	Do.	The Resolution was accepted. The Local Governments were addressed on the subject in September, 1932.
27	The Honourable Mr. J. C. B. Drake.	24th March, 1932.	Increased import duties imposed on galvanised iron and steel pipes and sheets.	Commerce	Necessary action in pursuance of this Resolution has been taken.
					Notification No. 260.T. (135), dated the 30th March, 1932, was issued continuing the increased import duties on galvanised iron and steel pipes and sheets up to the 31st March, 1933.

**BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE
TABLE.**

SECRETARY OF THE COUNCIL : Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the Bill further to extend the operation of the Salt (Additional Import Duty) Act, 1931, which was passed by the Legislative Assembly at its meeting held on the 25th March, 1933.

**MOTION *RE* CONSIDERATION OF THE WHITE PAPER ON INDIAN
CONSTITUTIONAL REFORMS.**

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House): Sir, I rise to move :

"That the White Paper containing proposals for Indian Constitutional Reform be taken into consideration."

Sir, the long-looked for White Paper was made available to Honourable Members on the 18th of this month. They have had now nine days in which to study it thoroughly. In pursuance of the wishes of the House, a day has been fixed for its discussion. That discussion is to be an extremely important event in the efforts at making the future constitution of our great country. But, Sir, perhaps the House will not mind my telling them that what is needed is not a discussion displaying a high order of oratory but cool, critical consideration of this extremely important document carried out in a calm and, if possible, concise fashion. Then only will this discussion produce the greatest possible effect on the minds of those in whose hands the future moulding of the White Paper proposals rests. Any remarks, Sir, that I may have to offer are with your permission reserved till the conclusion of the debate.

THE HONOURABLE THE PRESIDENT : Motion moved :

"That the White Paper containing proposals for Indian Constitutional Reform be taken into consideration."

Before the debate begins, I wish to associate myself entirely with what has fallen from the Leader of the House and on this most important subject I trust the debate will be conducted with that dignity which is characteristic of this House (Hear, hear) and in a sober and moderate manner.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA (United Provinces Central : Non-Muhammadan): Sir, as I understand that the Government is not going to take part either in the debate both in this and in the Lower House or in voting, I and my Honourable friend, Lala Jagdish Prasad, have decided not to move our amendments as no useful purpose will be served when today's debate is going to be forwarded to the Secretary of State for India. We will, Sir, therefore rest content by submitting our own observations on the White Paper as presented to us.

THE HONOURABLE THE PRESIDENT : The Honourable Member's decision is a wise one ; he can proceed with his speech now.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Sir, all eyes were up and everybody was anxiously watching for the day when the definite proposals of His Majesty's Government would

be made public. During the last six years repeated pronouncements were made both by His Excellency the Governor General and by the Secretary of State that India would get dominion status or self-government with certain safeguards for the transitory period. To meet this object a Statutory Commission, known as the Simon Commission, was appointed. This was boycotted by nationalist India as it contained no Indian on its body. This agitation led to Round Table Conferences in which Indians were invited to take part jointly with the British. One after the other three Conferences were held, but never was any attempt made to arrive at a definite conclusion. A Franchise Committee was also appointed which submitted its proposals to the Round Table Conference. This long process took a number of years and lakhs of rupees were spent but everything was indefinite to the last.

Now, Sir, His Majesty's Government has put up definite proposals in the form of a White Paper for the consideration of the Joint Parliamentary Committee. The scheme as propounded by His Majesty's Government is most retrograde and unsatisfactory. The words "dominion status" which we have been hearing for a long time is not even used anywhere in the White Paper which proposes the so-called self-government not in substance but in shadow. This in itself shows that the idea of dominion status is far from the mind of His Majesty's Government in spite of repeated pronouncements. The mountain was in labour and has brought forth the proverbial mouse. The White Paper has certainly a black outlook as it will not appease the present acute discontent, rather will it aggravate it by all means and strengthen the hands of the extremists. It has left no chance for the most moderate section of the country to go before the public and say a word in its favour. Surely His Majesty's Government, shrewd as it is, ought to have satisfied at least the demands of this section in the interests of the proper and good administration of the country.

Now, Sir, I shall take the salient points in the scheme which are most objectionable from the point of view of nationalist India and submit what changes and improvements are required to make it acceptable.

The Secretary of State for India.—It is not proposed that India will be entrusted to the Secretary of State for Dominion Affairs. The Secretary of State for India will remain as he is, not only with full powers in "Crown" and "reserved" subjects but with large powers of superintendence, direction and control over a wide range of matters of internal administration and unconnected with foreign relations or the defence of India. It has been urged since 1885 to abolish the India Council, but it will be there though called by the name of an advisory body and reduced in size.

All-India services.—The recruitment for the all-India services in England will be continued till 1940 when another Commission will be appointed to go through them in detail. The reduction or even the keeping of them in abeyance for a long time will not be in the hands of the ministers responsible to the legislatures. For instance, I moved the other day for the abolition of the posts of commissioners or at least reduction by half, when some Honourable Members said that it would be properly considered with the White Paper. Now under the proposals the position remains unchanged and it would be impossible for the legislatures to touch these and similar Indian Civil Service posts. Is it autonomy or autocracy with a vengeance? It is impossible to reconcile them with the principle of autonomy in the provinces or responsibility in the centre. The services are the backbone of the administration and power resides in the hands of those who control them. Provincial autonomy will be a mere sham when ministers will have no control over the "steel frame" who

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will carry out the orders of the controlling authority, the Secretary of State, rather than the wishes of the legislature. In short they will continue to be as much masters of the situation as they are at present and the legislatures will be powerless to curtail expenditure so far as they are concerned. This position can never be acceptable even to the most moderate section in the country.

So far as the recruitment of Indians for the higher posts is concerned, there will be a federal Public Service Commission and a provincial Public Service Commission for each province. The members of the former will be appointed by the Secretary of State and of the latter by the governor. The poor responsible minister and the provincial and central legislatures will have nothing to do in this arrangement. Thus they will not have a voice in the appointment even of Indian superior service officers.

Governor General.—Sir, Honourable Members of this House will recollect some of the speeches of His Excellency the Governor General when His Excellency expressed the desire and the hope to be the first constitutional Governor General of India, but the scheme propounded by the White Paper does not leave any room for him as such. He will have ample powers to issue ordinances, refuse sanction of legislation passed by the federal legislatures and will have control over 80 per cent. of the resources of India besides the sole charge of foreign relations and the defence of India. Further he can, if he sees fit, interfere with the budgetary and borrowing proposals of the Government. Thus, the finance member of the new constitution will be reduced to a figurehead when more than 80 per cent. of the revenues will not be touchable by him while he will have power to deal with the remaining 20 per cent. subject to irritating, galling and embarrassing restrictions. May I ask again, Sir, is it autonomy or autocracy? Unless these powers are placed in the finance member by the Joint Parliamentary Committee, the so-called central responsibility will be reduced to nothing but autocracy.

Federal legislatures.—For the inauguration of the federal Government a number of conditions have been levied which are not easy to be fulfilled in the near future. They are as follows :

- (1) Formation of a reserve bank.
- (2) Consent of 50 per cent. of the Indian States to join the federation.
- (3) Adoption of a Resolution in both the Houses of Parliament.

The formation of a reserve bank is also subject to four conditions which cannot be fulfilled with the continuance of the present policy of the Government. They are :

- (a) that the Indian budgetary position is assured ;
- (b) that the existing short-term debt, both in England and in India, is substantially reduced ;
- (c) that adequate reserves are accumulated ; and
- (d) that India's normal export surplus is restored.

May I know if they can be fulfilled as long as the present financial policy of the Government of allowing the drain of gold from India and the linking of the rupee to sterling is maintained. It is not fair that, while on the one hand, Government should make the establishment of a reserve bank a condition precedent to the inauguration of federation and on the other hand they should refuse to take action to create conditions favourable to the materialization of the whole scheme. This comes to binding a man hand and foot and then asking him to run.

Then, Sir, when the federal Assembly will be formed, what will be their powers and privileges? They cannot touch the reserved subjects nor have any control over the military part of the budget. The minister in charge of the military department will not be responsible to the legislature nor will the finance minister have control over 80 per cent. of the revenues or currency and exchange subjects but of the remaining 20 per cent. income, the Governor General being special super-guardian of peace and tranquillity over the whole country, may appropriate what share of revenue he may want in this behalf. The powers of commercial discrimination are also vested in the Governor General which will lead to constant friction between him and the minister responsible to the legislature. Railways have also been set apart by the appointment of a statutory Railway Board and the legislatures will have no voice in its formation or control. The constitution itself will not be open to amendment by any Indian legislature except in a few matters of comparative unimportance. With all these so-called safeguards most of which are against Indian interests and kill the very root of autonomy, we do not know when federation will come into existence. We are all of definite opinion that unless these shackles are removed, the words "responsibility in the centre" will be a misnomer and no dictionary will be able to connote its meaning as such unless it is purposely coined. The assumption that underlies the entire body of these proposals is that an Indian Government and legislature cannot or should not be credited with the possession of the commonsense and the capacity and the sense of responsibility required to the honest and efficient conduct of public business.

Provincial legislatures.—Now, Sir, from the central responsibility we should come to provincial autonomy which the statutory commission recommended and of which there was so much talk at all the Round Table Conferences. At the very outset we find that law and order which is the chief item under the provincial heads has been reserved for the governor. This in itself reduces autonomy into an absurdity and it is far preferable to have autocracy undisguised than an autonomy of that character. The constitutional governor will have power to issue ordinances to flout the legislatures. This power is not exercised even under the present Government and hence is a definite setback instead of advance. The legislature will have no power over the superior staff appointed direct by the Secretary of State for India and whether there is any requirement or not the men will be imported for the posts already created, with all the fat salaries, allowances and commissions which cannot be questioned. Whether the national departments are starving, the responsible minister will have to find money for them in the budget at the expense of the dire needs of the province. Thus there is absolutely no chance of reduction in expenditure and hence the reforms will not bring any relief to the taxpayers of the country. The legislatures may pass hundreds of resolutions for the abolition of the post of commissioners, superintending engineers, deputy inspector generals of police, and so forth, but they will all fall flat upon these incumbents who will be busy smoking cigarettes or out shooting instead of having any regard for the ministers or the legislature. This is the much talked of provincial autonomy which the White Paper proposals contain and are worse in many respects than those of the Simon Commission. Unless they are substantially and radically changed on the above lines, they cannot surely be acceptable to the most moderate section of the country.

Further, Sir, the White Paper proposals, as I feared at the time I moved my resolution for the proportionate representation of landlords in all the legislatures, have not given any satisfaction to the class as a whole. The

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present landlord seats will continue in the Houses whose strength will be more than doubled. This is not fair and I urge with all the emphasis at my command that the landlords should be treated in an equitable manner taking into consideration their past services and loyalty to the Government as a class, and I hope that the Joint Parliamentary Committee will accept this humble demand of theirs. The one and the only objection—that the Communal Award cannot be disturbed—is met by the fact that the seats can be proportionately included among the quota fixed for the two communities and there will be absolutely no difficulty as they are elected by the joint electorates.

To sum up, Sir, the White Paper proposals have conferred vast powers upon the Governor General and the governors under the heads reserved departments, special responsibilities, special powers, powers delegated by the Crown not inconsistent with the Act, discretionary powers, powers of interference in the transferred (now called non-reserved) departments under the elastic formula of necessity for the fulfilment of any special responsibilities and the powers of issuing ordinances dictating legislation by messages, providing for appropriations without the consent of the legislatures and against their votes, which amount virtually to autocracy not mitigated but strengthened by the unchecked control of Whitehall. Sir, the scheme may be anything but it is certain that it is not a scheme of self-government.

THE HONOURABLE THE PRESIDENT : The Honourable Lala Jagdish Prasad has a Motion also on the List of Business and I should like to know his decision on the matter.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern : Non-Muhammadan) : Sir, for the reasons given by my Honourable friend, Lala Mathura Prasad Mehrotra, I too do not propose to move my amendment but will content myself with submitting my observations on the Motion as it stands.

THE HONOURABLE THE PRESIDENT : You can proceed with your speech.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD : Sir, it is well-known that the scheme of Indian Constitutional Reform embodied in the White Paper has received a most hostile reception in India as it falls far short of public expectations. Even the moderate section of Indian public opinion wanted a constitution approximating to that of a self-governing dominion, but that the proposed constitution is not such requires no argument. There is one supreme test by which the proposals have to and will be judged by the country. Will they, and to what extent will they, transfer real power to the future legislatures and the governments responsible to them ? I fear that I must say that the proposals as a whole compel the one conclusion that in essential matters they do not even fractionally fulfil this test in the sphere of the central Government and will do so very incompletely in other matters, while even in the provinces, whose coming autonomy has been so much boomed, the transference of power will be so subject to limitations as to remain utterly inadequate.

Coming to the central sphere, I think the most outstanding feature of the constitution which has been outlined is that far more emphasis has been laid on safeguards and reservations than on central responsibility and the possibility

of its early growth and expansion. And although the Irwin-Gandhi settlement provided for safeguards which would be "demonstrably in the interests of India", the White Paper says that they have been devised in the "common" interests of both countries—England and India. And the common belief is that these safeguards and reservations may or may not be in the interests of India, but they are undoubtedly in the interests of England. (Hear, hear.)

As to the date of the federation, His Majesty's Government propose as a condition to be satisfied before the federal constitution is brought into operation that the rulers of states representing not less than half of the aggregate population of the Indian States and entitled to not less than half of the seats to be allotted to the states in the federal upper chamber must join the federation. The second prerequisite is the establishment of a reserve bank. And the third condition is that the Royal Proclamation bringing the federation into being shall not be issued until both the Houses of Parliament have presented an address to the Crown with a prayer for its promulgation. Thus the date on which the federation of India could be expected to come into being, which is a question of great importance, is as uncertain as anything. This is very unsatisfactory. Some date should be fixed for the creation of the federation just as in the constitutions of the dominions, definite dates were fixed for the inauguration of the federation by Royal Proclamation.

Sir, as regards the princes joining the federation, there is a sharp difference of opinion in the country as regards the propriety of this procedure. There is a considerable section of British Indian public opinion who feel that the presence of the princes in the federal Assembly will act as a brake on the wheel of progress, as by reason of their conservative nature the states' representatives will, it is feared, vote as a solid bloc and may be used as a substitute for the official bloc in the future legislatures of India. It has been repeated by some of Their Highnesses at the Round Table Conference that so far as purely British Indian matters are concerned, they do not want to interfere in them, and indeed it is for that reason that they are equally anxious that British Indians should not be allowed to interfere in matters of internal autonomy which will be outside the federal list. This gave a ray of hope in circles which have been from the very start of the Round Table Conference unfavourable to the association of the Indian States and it was expected that there would be some reference to this either in the Introduction or in the Proposals of the White Paper. But it is disappointing to find no reference to this in the document. It is a matter to which British Indians attach the greatest importance and so the opinion to which some of Their Highnesses have given expression should find a place in the constitution either by a statutory provision or by convention, so that the fear that their representatives would cast their weight against freedom or liberty in non-federal matters affecting British India may be dispelled from the public mind.

Then, Sir, one most objectionable feature of the provisions is that future recruitment to the Indian Civil Service and the Indian Police Service is to be in the hands of the Secretary of State. Several recommendations embodied in the part dealing with the public services will, if given effect to, amount to a very serious subtraction from responsibility both at the centre and in the provinces and instead of being conducive to harmonious relations between the services, the ministers and the legislature, they will be a constant source of friction. The ministers' position will be one of helplessness and impotence in dealing with men who will be practically independent of the legislatures and the Government. His Majesty's Government have tried to placate Indian feeling by providing that at the expiry of five years from the commencement of the constitution, a statutory enquiry will be held into the question of

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further recruitment for these two services and the Governments in India will be associated in this enquiry. But the final decision will rest with His Majesty's Government. I think, Sir, that these provisions are most reactionary and perhaps the most indefensible feature of the whole constitution. What is most remarkable is that it is pointed out that pending the discussion in this enquiry the present ratio of British to Indian recruitment will remain unaltered. Again it will be noticed that the members of the federal Public Service Commission are to be appointed by the Secretary of State. All these decisions, in my opinion, constitute a grave encroachment on self-government. The question, to my mind, is not so much of British recruitment or of Indian recruitment as that of the recruiting authority in the future. I strongly hold therefore that if the true line of advance is to transfer the centre of authority to Delhi and not to keep it at Whitehall, then the Governor General of the future in consultation with his ministers should regulate recruitment in these services.

Then, Sir, let us see what relief is promised to the Indian nation as the result of these reforms in respect of a matter which has been a source of longer, more acute and more widespread discontent in the country than perhaps any other ever since the British occupation of India, *viz.*, military policy and military finance. I wonder whether I will be far wrong if I say: "Nothing or next to nothing." Consultations there will be with the ministry of the future and speeches will be permitted in the legislature. That is all. Well, of consultations and speeches there have been any quantity during the last two or three generations. But what has been the practical result thereof? Such a thing as statutory recognition of the right of the Indian Government and legislature at least to an effective voice in the determination of a solitary question relating to the defence of their country, which is of real importance to India, is not to be found anywhere in the entire scheme. Even whether one of the three future counsellors, one of whom will presumably be in charge of the army, will be an Indian is a matter which no one can feel confident about.

After defence the most important of subjects is finance. The Secretary of State for India ostentatiously declared that there was no meaning in responsible government which did not include responsibility for finance. Actually, what financial power is proposed to be handed over to the future Government and legislature? Exchange, currency, coinage—this will be forbidden ground. The Governor General with his "adviser" and acting as the Secretary of State's subordinate, and a reserve bank to be brought into being in anticipation of the establishment of a federal Government, will between them have the control and management of these subjects. So much so, that even after years of the successful functioning of a reserve bank the responsible government of the day will not be allowed so much as to introduce in the legislature a bill dealing with currency or coinage except with the prior sanction of the Governor General. It will be the special responsibility of the Governor General to see to the maintenance of India's stability and credit. My opinion is that it is not necessary to give the Governor General any of these responsibilities or powers when he will possess the power of veto. Again, no case seems to have been made out for the appointment of a financial adviser, but if one is to be appointed he should not in actual practice be allowed to become a rival finance minister, because the financial adviser will be responsible to the Governor General, which means that he will ultimately be controlled by the Secretary of State. A financial adviser of this character

may easily be a source of danger to the working of the constitution and may defeat the very purpose of his appointment.

Now let us see if the future Governor General will be a constitutional head of the Government outside the reserved sphere. No. He will be clothed with so many and such large powers—legislative, financial, administrative—and not always limited to the concerns of the central Government, that one cannot help doubting if the authors of these proposals really mean to transfer power to a responsible Indian Government. As regards the Secretary of State and the India Council, Sir, my Honourable friend Mr. Mehrotra has already dealt with this matter.

Coming to commercial discrimination, we find that the proposals designed to prevent commercial discrimination constitute a serious encroachment on the powers that should be possessed by any Government and legislature and will leave to our future Government and legislature insufficient freedom of action in the furtherance of Indian trade and industrial development. I think it is right, proper and imperative that the central and provincial Governments should have ample powers for the protection and development of key and infant industries by the grant of subsidies, even though at times such action on their part may look like discrimination. The evil effects of unfair competition between powerful organizations on the one side and weak organizations on the other side may at times have to be effectively prevented by the exercise of certain powers, and these powers, one is sorry to find, are not included in the relevant clauses in the proposals.

As regards the federal legislature, in one word, it must be recognized that it will not be a full-fledged sovereign legislature like that of a self-governing dominion. There are important and serious subtractions from its powers.

Then there is the proposal to create a statutory Railway Board. It appears that the composition, character and functions of this body will be prescribed by the Constitution Act itself. This, Sir, will be wholly unacceptable to Indian opinion.

There is one point about the centre which I think I should mention before I leave this sphere, and it is with regard to the composition of and method of election to the British India side of the federal Council of State. One hundred and thirty-six seats in the Council of State will in future be filled by election by means of the single transferable vote by the members of the provincial legislatures. Now, an opinion has been expressed in some quarters that the method of direct election should continue in the case of this House, otherwise candidates seeking election to this House will under the proposed scheme have to undergo the two-fold ordeal of seeking election first to the provincial legislatures and afterwards to the Council of State, because it is believed that a colleague will be more *persona grata* to the members of a provincial legislature than an outsider. Sir, this may be true to a certain extent, but every dark cloud has a silver lining and I can see a distinct advantage in the method of indirect election as proposed in the White Paper. It is that persons returned to the Council of State by the members of provincial legislatures will be more democratic in their views and outlook than persons elected by the direct method with a franchise based on high property qualifications as in the case of the present Council of State. And with the experience the country has had of the existing composition of this Council I think the proposed change will be for the better. But as a matter of compromise I may suggest that while elections to the future Council of State may well be by the indirect method as proposed,

[Rai Bahadur Lala Jagdish Prasad.]

there may be prescribed a high property qualification or high income-tax payment as heretofore for candidates alone seeking election to the Council of State and not for the electors ; so that the members of provincial legislatures returned on a much wider franchise, and therefore representative of the public in the true sense, may select persons for membership of the Council of State from among the propertied classes or payers of high income-tax. Thus, while the fear expressed in some quarters may be minimised to some extent, the future Council of State would be considered a more democratic body than the present one.

Now, coming to the provincial sphere, Sir, the grievance of the landholders of the United Provinces is that, while the size of the provincial Legislative Council is being enlarged and the United Provinces Legislative Assembly—as it will in future be called—will consist of 228 members in future in place of about 100 elected members now, the number of seats reserved for the landholders remains the same, namely, six. This is beyond all sense of proportion. And as with the growth of the spirit of democracy in India the land-owning classes will be returned in decreasing numbers to the legislatures as time goes on, it is by no means an unreasonable demand of the zemindars that their special representation in the provincial lower house should be proportionately increased. There is one happy feature of the constitution, however, so far as the United Provinces, in common with the two other provinces of Bengal and Bihar, is concerned, and it is that the province is going to have a second chamber. This will no doubt be in consonance with the demand of the vested interests of the province.

There is one other important feature of the constitution which is gratifying. And it is that it is proposed that certain provisions of fundamental rights, such as rights of property and eligibility of all classes for public offices, etc., should find a place in the Constitution Act. This, Sir, is as it should be.

It is proposed to introduce so-called autonomy in the provinces. But Sir, provincial autonomy will, in my humble opinion, be very incomplete when it is hedged in with so many limitations in the shape of immense powers which the future governors of provinces will be vested with. The governor of a province will not only have not certain “special responsibilities” in the discharge of which he can disregard the advice of his ministers, but he will have conferred upon him ordinance-making power also, under the new scheme. One of the many troubles of the ministers under the present constitution is that the administrative agency with which and through which they are compelled to act is very little under their control. This grave defect of the constitution is to be maintained intact according to the proposals embodied in the White Paper. The autonomous and responsible ministries of the future may not abolish superfluous posts, may not even keep them in abeyance for more than three months ; they will have no power to revise salaries or touch allowances ; they may not censure any Indian Civil Service or Indian Police Service or any other all-India service officer and they shall not have power even to order the postings and transfers of these officers without the personal concurrence of the governor. What will be done with the Indian Medical Service is still unknown, but in view of the proposals regarding other services it will be a miracle if Indian opinion is satisfied in respect of that military *cum* civil service which is in hospitals, in medical colleges and schools, in the public health department, in jails and in lunatic asylums. It has been the chronic complaint in the United Provinces, as my Honourable friend Mr. Mehrotra has said, that there are costly and unnecessary commissioners and too many

deputy chief engineers, superintending engineers and deputy inspectors-general of police. No ministry of the future will have power to reduce a single one of these posts until perhaps 1960 or 1961 in the case of the Indian Civil Service and say, 1955 or 1956 in respect of other all-India services except by leave of the Secretary of State.

Turning to the question of finance in the provinces—

THE HONOURABLE THE PRESIDENT : Order, order. The Honourable Member has already taken 25 minutes. As I know that many Honourable Members are anxious to speak, I shall be thankful if he will bring his remarks to a close.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD : In conclusion, Sir, reading the White Paper and all the reports which preceded it, one is constrained to observe that the Indian taxpayer may be certain that he need not expect in the near future any appreciable relief from the crushing burden of present taxation, while he need not be shocked if he be called upon to bear still more. And the last but not the least important observation that an independent critic of the document cannot help making is that a great part of it seems to have been drawn up more with a view to placate that section of British Conservatives who are frankly opposed to India's advance and who cannot think of this country otherwise than in terms of perpetual tutelage, than with the object of satisfying the reasonable demands of Indians. And I must frankly say that if this constitution is intended to make an appeal even to moderate-minded men in India, it will have to be materially altered in certain respects.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal : Muhammadan) : Sir, the Motion for consideration of the White Paper before the House has naturally stirred our imagination as the White Paper has aroused widespread interest throughout this country. Indian politicians are arrayed on different sides, some against the reform proposals and others, more sober in outlook, in their favour ; but, Sir, before we offer any criticism it behoves us as practical men to examine these proposals with great care.

Sir, the first thing that strikes me as a Muslim Member of this House is that a dangerous innovation has been made in the method of election to the new Council of State, substituting the indirect for the direct method of election. Then, there is no provision for a separate electorate for Muslims for the Council of State. I should prefer statutory provision made in the new constitution for securing one-third quota for Muslims in the upper federal chamber in such a manner that this quota may be made up of one-fourth of the seats from British India and one-twelfth from the Indian States.

Sir, in regard to the federal Assembly, the proportion of Muslims should, in my opinion, satisfy the terms of the Joint Memorandum of the Muslim Delegation to the third Round Table Conference. This should be effected either by reducing the states' representation or by increasing the Muslim quota by making a corresponding addition to the total strength of the House, so that Muslim representation may be one-third of the whole House.

In the public services under the Government of India a statutory minimum should be made to guarantee one-third of the Indian quota being reserved for Muslims.

[Mr. Mahmood Suhrawardy.]

Sir, coming as I do from Bengal I am surprised to find provision made in the White Paper for a second chamber in the province. Now, Sir, the proposal for a second chamber when adumbrated was opposed by the Bengal Council. In view of the great reserves of powers placed in the hands of the Governor, it hardly seems advisable for a poor province like Bengal to incur the expenditure of the luxury of a second chamber. In view particularly of the great economic distress prevailing in my province and with no immediate prospects visible of the agriculturist in Bengal recovering his economic balance, it seems that all of us from Bengal should open the new constitutional era without burdening ourselves with the great expense of maintaining a second chamber. There may be some provision made for the inauguration of an upper house if circumstances demand it. At present a second chamber threatens to prove a white elephant.

Sir, another feature of the White Paper which does not appeal to me as an elected representative of Bengal is that I find that my province, once the premier presidency in all India in prosperity, has been treated like Cinderella by His Majesty's Government in so far as no provisions have been outlined for restoring its economic self-respect. Only a part of the jute duty has been given to it—a duty which is earned by the poor cultivators of jute in my province. In Bengal's desperate financial position, it is imperative that the new constitution should be inaugurated there without the incubus of a permanent deficit. How this is to be done, when Bengal is not allowed to keep even what it earns by the sweat of its brow through the jute duty and some portion of the tax on trade which passes through its great ports of Calcutta and Chittagong, is not for me to suggest, but the wizards of finance employed by His Majesty's Government and the Government of India should surely be able to find a way out of the difficulty. My friend, the Honourable Mr. Taylor, opposite smiles. I, for one, Sir, am not able to shout with jubilation the advent of a new constitution in Bengal with an empty pocket.

THE HONOURABLE MR. E. MILLER (Bombay Chamber of Commerce): Sir, the publication of the White Paper has been eagerly awaited and now

12 Noon. that it has been published there seem to be quite a number

of people disappointed that it contains nothing new. But why should it?

The White Paper is merely the official view of His Majesty's Government as to the form the future constitution of India should take resulting from the three Round Table Conferences during which important decisions were arrived at by the British and Indian members. The main points have been known to us all for a long time and it would surely have been surprising if the White Paper had not been framed generally on the result of these discussions.

The main issues that were not previously known in full were the powers of the Governor General, the provincial governors and commissioners, the size of the legislatures and the distribution of seats. Now, while we may all have our little grievances and disappointments in regard to some of the decisions under these headings, I do not think this is either the time or place to discuss these. We shall all have our opportunity of making such representations as we may wish to put forward, but I think this is an occasion when we should welcome and accept the White Paper in general terms and give it our approval. I congratulate the two Honourable Members who have withdrawn their proposed amendments to the original Motion. A wise decision as the Honourable the President remarked. The White Paper has been described

by some as a Black Paper, but such criticism can carry no real weight and can only be described as a journalistic catch phrase. A much more reasonable criticism I have seen is that the White Paper is a blank cheque and while this is perhaps not entirely apt, I do think the White Paper is capable of being filled in to a large or small amount according to the spirit in which it is accepted and therefore its value may be assessed at an almost unlimited amount.

What is wanted is goodwill and mutual trust. Some Honourable Members may say that this is impossible because of the wide scope of the safeguards, but further consideration should dispel this impression. Every country today has its safeguards and those given to the Governor General and governors of provinces are mostly for use in case of emergency and they are imposed just as much for the safety of the Indian as the British. In a country like India where there are so many castes and creeds, the difficulties that might arise are surely more varied in character than in a country consisting of one nationality. These safeguards are provided in order to prevent a breakdown should such difficulties arise and therefore should be welcomed. They should be welcomed as a guarantee of good government and as being necessary for the welfare of Indians and British alike, and it is inconceivable that they will not be sparingly used, at least if they are not then it will only go to prove that India is not ready for self-government. Those who believe that the Governor General or governors will take delight in over-riding their ministers and that they will promulgate ordinances at every step in order to shew superiority, are ignorant of human nature.

I would ask those critics who shew general disapproval to the proposals to look back and to consider the progress made since the Minto-Morley reforms. For a country like India where people, if they hurry at all, hurry slowly, the pace can only be described as rapid and anything more speedy would have spelt disaster ; in fact many even now think that those of us who favour and support the present proposed advance are galloping to ruin. My advice therefore to all those who really have the future good of this wonderful continent at heart, is to take what is offered in good spirit and to settle down to working the new constitution successfully. This is the only way to reach that final goal of full self-government, and the way will be shortened to an incredible extent if such a policy is adopted and if it is, it will have a wonderful effect on the whole world whose eyes are centred on India just now and its credit and prestige will advance enormously, while the mouths of those carping critics overseas will be closed when they realise how inadequately they were able to judge the India of today.

THE HONOURABLE KHAN BAHADUR CHAUDRI MUHAMMAD DIN (East Punjab : Muhammadan) : Sir, the publication of the White Paper brings a step nearer the prospect of the final settlement of the Indian constitutional problem. The process started with the appointment of the Simon Commission nearly six years ago. Since then the work of consultation and inquiries has been going on almost uninterruptedly ; the delay being mainly caused by the sharp differences of opinion which the solution of the problem called into being. Those differences still continue in one form or other ; indeed it appears hopeless to try to compose them ; but many of our statesmen, I feel sure, will view with relief the prospect of a final settlement, even if they do not view with favour some of the provisions of that settlement. The scheme is not perfect and is rather complicated but it places India on the road leading to self-government.

[Khan Bahadur Chaudri Muhammad Din.]

The proposals constitute a great advance on the present conditions. From the present very limited responsibility in a portion only of the provincial administration, to a very great deal even of the central responsibility is a huge step forward, and it is, I think, necessary for us to consolidate our position and make sure of our gains before demanding power in other spheres which are at present reserved to the exclusive authority of the Governor General. The operation of some factors—especially of the entry of the Indian States—into the federation is so uncertain that it is in our own interests to wait and watch the results before proceeding forward in the same direction. "The wisest thing in the world to do is to make up your mind what you would do if you were in some other fellow's place".

Sir, the main reason for giving a federal constitution to India is the necessity of providing for the development on their own lines of its component parts, who are widely different in race, religion, custom and outlook. To lay down right rules of conduct in their internal affairs would amount to a negation of the objects for which a federal constitution has been proposed for India. I would therefore urge that it should be left to the provincial legislatures to make minor adjustments according to local needs within the general framework of the Act.

A provision which conflicts with the same general principle is the proposal to transfer the control not only of the High Courts but also through them of the subordinate courts to the federal Government. If the administration of local laws in the spirit of local conditions is a necessity, then there is no reason why this radical change in the direction of centralization should be made. At present only one High Court, that of Calcutta, is directly under the central Government, and instead of bringing that into line with the rest, it is now proposed to deprive other provincial administrations of the control over the judicature, which they have hitherto enjoyed, and this is a retrograde step. The arrangement will make for friction between the executive and the judiciary. Calcutta has been the seat of more such wrangles in the past than any other place, and the main reason was that both were equally subordinate to the central Government. The anomaly of the arrangement will become sharply apparent when the next steps in the direction of central responsibility are taken, for it will then be found that provincial autonomy has been nullified, and the constitution though outwardly federal had become to all intents and purposes unitary, *i.e.*, making the central Government supreme even in provincial spheres.

So far as the Council of State is concerned, the White Paper proposes radical changes in its composition. Instead of being directly elected as at present, its future members will be indirectly elected through the local legislatures. The reason for this change is probably to make this House representative of the territories and not of the people. The arrangement seems to have been copied from some other federal constitutions, and has strong reasons in support of it. But the White Paper makes a serious departure from the theory and practice of other constitutions by giving this House the same powers as the lower house will have. Further, this House will not be equally representative of all the component parts. Provinces with larger populations will have larger numbers of representatives and this will again be a departure from the theory of territorial representation. Lastly, its members will not be returned through the system of separate electorates. Having regard to the powers and the proposed constitution of this House, the withdrawal of complete separate electorates will cause serious misgivings

in the minds of those communities who regard that system as necessary for the proper representation of their interests. Let the local councils be the electorates by all means, but the representation of Muslims and other communities who so desire should be only through the votes of their members in those councils. I should like to make myself more clear on this point. Either this House should have the powers of an upper house usual in a federal constitution and be represented by an equal number of representatives from its component parts, or if it is not possible and it is necessary to retain its proposed constitution, then seats should be reserved and Muslims should be returned by the votes of those members of the local legislatures who belong to their community as has been provided in the case of Europeans, Christians and Anglo-Indians.

A small provision should, I think, be made in the membership of the Council of State for the nomination of life members. Men who have distinguished themselves in literature, art, science, or in the sphere of services to the Crown, are rewarded in England by the grant of peerages. On a smaller scale it would be well to have a like institution in India; and the only way to do it is to create a number of life-member seats.

Sir, in conclusion I would appeal to my countrymen of all classes and creeds to rise to the occasion and do their best to make the new scheme a success.

Coming from the railway station of Delhi yesterday I saw an advertisement that a meeting called "Parliament" was to be held in Delhi yesterday evening to pass a resolution that India was not ready to shoulder the burden of responsibility and that the introduction of the new constitution should be postponed for five years. His Majesty's Government are pushing forward the new constitution in spite of such dissentient voices and we owe a deep debt of gratitude to Lord Willingdon and the present Secretary of State who are so anxious to inaugurate a responsible government in India.

THE HONOURABLE MAHARAJADHIRAJA SIR KAMESHWAR SINGH OF DARBHANGA (Bihar and Orissa : Nominated Non-Official): Mr. President, I do not think that I should express my disappointment at the White Paper. Anybody who had been watching the proceedings of the three Round Table Conferences, would see that it embodies mostly the decisions arrived at by them. It may be that those decisions fall much short of the Indian aspirations, it may be that those decisions do not satisfy any class or community in this country, but it cannot be said that there is any thing in the White Paper which people either in this country or Great Britain had not anticipated. Now we have the constitutional machinery prepared by these conferences assembled and are required to pronounce our judgment on what the collective efforts of the constitutionalists in India and the statesmen in Great Britain have been able to produce.

Sir, I do not want to traverse the whole field that the White Paper has laid bare to our gaze. I would confine my observations to merely the interest of landlords and leave other matters to be dealt with by other gentlemen who are more competent to speak on them than myself.

I have viewed with some satisfaction that the second chamber has been established in our province because I fully hope that it will exert its steadying influence and will be a check to the hurried legislation without of course impeding the progress of the country. Those critics who held the opinion that the second chamber would be a close preserve of the landlords will now see by its composition and powers that these apprehensions were ill-founded. The big landlords will not, even if they so desire, be able to thwart popular measures

[Maharajadhiraja Sir Kameshwar Singh of Darbhanga.]

to save their own interest through that chamber. In the first place, they cannot have a majority in it and, in the second place, the powers of the House will be limited. The landlords as is desirable will have to stand shoulder to shoulder with other sections of the people for the preservation of their special interests. Now it is the big landholders and not the people at large who if at all can have reasons to be apprehensive of the new state of things.

But I cannot but express my dissatisfaction at the decision of the third Round Table Conference regarding the proportion of special seats for the landlords in the lower houses of the legislatures. Sir, the House is aware that after the recommendation of the Simon Commission to abolish the special representation of the landlords in the various legislatures they were greatly alarmed about their position in the future constitution. They represented their apprehensions to the Government and the Governments of Madras, Bombay, Bengal, the United Provinces, Bihar and Orissa, the Punjab, and the Government of India in their despatches on the Simon Commission Report emphatically urged the retention of the special seats for the landlords as suggested by the Indian Central Committee. The Governments of the United Provinces and Bihar and Orissa went further and accepted the plea of the landlords *in toto* that the number of special seats reserved for the landlords in the legislatures should at least be in the same proportion to the total number of seats as it was in the Montford reforms. But the Franchise Committee's recommendation was that the number of seats reserved for the landlords in the legislatures should not exceed the existing number and the recommendation on being adopted by the third Round Table Conference has now been embodied in the White Paper.

Sir, the only reason given by the Franchise Committee for retaining the present number and not increasing it in proportion to such increase in the size of the various provincial legislatures as may ultimately be approved is that the representation should not be on such a scale as to effect the balance of parties in the legislatures.

Sir, I fail to follow the trend of this argument. If the landholders' group is to be considered as a separate entity, their position will surely suffer in the enlarged legislature if their number is kept as it is which is absolutely inadequate and the balance of parties is bound to be effected. But if we take the landholders individually, what do we find? They have fundamental differences on many matters of every-day life. How can it be said then that if the number is increased they can disturb the party equilibrium? Differences are bound to exist among individuals to whatever party they may belong. Save and except in matters which is their special concern they will, I think, be free to side with one or the other party in the legislature with which they may feel in common. I cannot subscribe to the view that a few more seats to the landholders can put them in a position to influence the vote of the House.

The lower house in the province will surely be a very important part of the constitutional machinery and the landlords are genuinely apprehensive of the fact that unless they are adequately represented in it they will not be able to safeguard their interest against attacks which are bound to increase.

Last but not the least I beg to point out that although the "rights of property" will come under the "fundamental rights" we are not given any indication as to how the clause will stand. The landlords—specially of the permanently settled estates—feel very strongly that they should be adequately protected against the confiscating legislation.

I need not detain the House by narrating the history of the permanent settlement. The Government will be doing bare justice to the landholders by protecting a system of land revenue which is more or less its own creation. Their concern for having such safeguards has become greater by reason of the fact that suggestions have been freely made of late that the only way of increasing the revenue is to abolish the permanent settlement. To these suggestions I have only to say that if the Government lends its support to such revolutionary doctrines it will hardly have a friend left in the country.

I still hope that the Joint Parliamentary Committee will go into the question and make modifications in the Parliamentary Bill to meet the first claims of the land-owning class who have played such an important part in the public life of the country and in maintaining a well-ordered government ever since the establishment of British government in India and thus remove a great injustice which has been done to the landholding community at large.

Sir, speaking generally, I am aware that what we are going to get is neither the substance of independence which Mahatma Gandhi wanted, nor the dominion status which India expected to have. If I may say so, it is going to be a democracy controlled by an autocracy—a novel constitutional experiment the result of which it is difficult to appraise. In perhaps no other country of the world were the problems so intricate and complex as in ours. We had not only to deal with the British interests in India but to confront internal problems such as the participation of the Indian States, the Hindu-Muslim disunity, the claims of important minorities like Sikhs, Anglo-Indians, the depressed classes and others. When there were so many diverse elements in the field each operating in its own way, I wonder if it could be hoped that anything satisfactory to all could be achieved. We have seen how the Nehru constitution was rejected and the All-Parties Conferences have failed. In the circumstances in which we are situated I wonder if anybody expects better findings. But the findings are surely not satisfactory and I doubt if it could stop Indian agitation or bring peace to the country. I therefore feel greatly apprehensive about it. In fact if the constitution that we are going to have is to attract the people of the country towards it, it can only be by the rare use of the special powers vested in the Governor General and the provincial governors and gradual transference of reserved powers to the Indian people, which may culminate in the attainment of full-fledged dominion status by India.

But there is a greater task before us—the task of improving the political atmosphere of this country. We have lost our ground by our disunity, we failed to get our minimum demand because we could not come to an agreement amongst ourselves on some of the most vital issues before us. So long as we remain in that position no amount of denunciation of the White Paper or condemnation of the constitution that is going to be set up can take us far. But the moment we have attained the unity, the moment we are able to put forward an united demand, no force, I dare say, can resist us.

I must take the opportunity, Mr. President, to express my deep sense of appreciation of the courtesy which the Indian Delegation to the Round Table Conference received in England from its British colleagues. They made us feel that they mean good to India and wish to help us in our endeavours. Sustained by that hope I appeal to my countrymen to realise that it is never too late to mend. They will have another occasion to exert their influence in the near future when the Joint Parliamentary Committee is sitting. Nothing in politics is a settled fact. White Paper or no White Paper, we can have our own the moment we are united.

THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH (Bihar and Orissa : Non-Muhammadan) : Sir, I am afraid in the short time at our disposal it is not possible for us to examine every detail of the proposals of His Majesty's Government for introducing a federal system of administration in India but we cannot ignore the fact that criticism in the press in this country of the White Paper has been mostly hostile, based on the ground that the proposals do not go far enough, or that the federal plan is so hedged round with conditions that the attainment of federation becomes a distant dream. I cannot subscribe to these views, or at least, not without qualification. The proposals are the outcome of discussions between representatives of the British people and representatives of India during three successive and prolonged sessions of the Round Table Conference in London, and they more or less reflect the spirit of the decisions taken in the Round Table Conferences. They are by no means perfect in every detail, but it is a source of great comfort to us to know that the White Paper is not the unchangeable law of the Medes and the Persians, and that there is still the Joint Parliamentary Committee left to examine the proposals from all angles and to suggest modifications in the light of reasonable and practical considerations of efficiency.

So far as the interests of the landholders are concerned, I need not conceal the feeling of disappointment that, while His Majesty's Government have acceded to our request to provide a second chamber for my province of Bihar, the method of election for this upper house has not received the careful consideration it deserved.

Now, Sir, if the upper house is to function, as we all hope it should function, acting as a restraining influence on the over-vaulting legislative ambitions of the lower house, adequate steps must be taken to equip it with the machinery to make its decisions free from the directionary force of the lower house. Those who compose the upper house should not be dependent upon the votes of those very persons whose work the upper house has to pass under review in its revisionary capacity.

In the proposals of His Majesty's Government for the upper house, or Legislative Council, in Bihar, we find that five seats have been allotted to members who will be nominated by the Governor in his discretion, four will be directly elected from constituencies for which only Muslim voters will be qualified, and nine others from general constituencies other than Muslim. Provision has, however, been made for the election also of 12 members by the method of the single transferable vote by the members of the lower house, and it is this feature of the scheme that occasions me, and I feel sure others, in Bihar, grave concern.

It would not be exaggerating the prospects of a breakdown of the system if one realised the possibility of these 12 members, in certain circumstances, being sent to the upper house with the avowed object of making it impossible for the upper house to exercise its revisionary powers over legislation emanating from the lower house. It is, however, not only the fear of a breakdown of the system through such tactics that inspires my distrust of the system of electing any large number of members by the single transferable vote from the lower house. I am opposed to the system on principle, vitiating as it does the efficacy of the second chamber.

It is not so many years ago that a political organisation was emerging in India with almost dictatorial powers, and another may arise in its place with more or less similar aims, bent upon making its political programme the programme of the country by every available means. In that eventuality,

it is not difficult to visualise this band of 12 members elected by the lower house becoming a nucleus of dangerous power.

I therefore feel that the method of election for the upper house in Bihar requires radical alterations, keeping in view its function as a revisionary organisation. Provision should be made for the institution of an electoral college consisting of zemindars and noblemen, holding titles up to the ranks of *rajas* and *nawabs*, of *Mahamahopadhyaya* and *Shamsul Ulema*, members of the Orders of the Star of India, of the Indian Empire and of the British Empire; *Knights*, *ex-Judges* of the High Court, *ex-Executive Councillors*, *ex-Ministers*, *ex-Vice-Chancellors* of the University and *ex-members* of the Council of State, officials in active service not being eligible for election and persons paying Rs. 20,000 as land revenue or Rs. 5,000 as cess or Rs. 5,000 as income-tax. Muslims may have proportionate seats reserved if they like or their franchise reduced by half.

It is in the fitness of things that those with a stake in the country, who after all will be called upon to pay the piper to a very appreciable extent, should be entitled to call the tune, so far as the upper house is concerned, at least in Bihar. I do not propose to comment upon the means suggested for the election of the second chambers in Bengal and the United Provinces, leaving it to responsible opinion in those provinces to make more authoritative pronouncements on the scheme than I am in a position to make. So far as Bihar is concerned, I repeat that the upper house will lose in efficiency, and vital interests of the province will be exposed to serious danger by the introduction of the system of indirect election through the lower house, and I desire to impress upon His Majesty's Government the advantages of drawing upon an electoral college for the upper house, such as I have described, for members. It is also advisable when direct election is proposed to have the franchise for the upper house based on high property qualification, say, double of what is now the qualification for the existing Council of State.

Another direction in which I venture to think, Sir, that there is need for more explicit safeguards, so far as landholders and others with a stake in the province are concerned in Bihar, affects their interests very intimately. It is not enough, as has been suggested in the White Paper when dealing with "Fundamental rights", to find a place in the Constitution Act for general, if not vague, expressions of the inviolability of rights of property. It will make for stability of the State and will be conducive to increasing the sense of security of landholders if their rights as landholders were clearly defined in the Constitution Act, and the inviolable nature of the system of permanent land settlement, under which they live, more explicitly laid down.

There have been in the recent past many occasions, Sir, when, to say the least, strange doctrines have threatened to create an upheaval in the existing order, and now that India is about to enter a new and unexplored world in politics, it would make for greater security in upholding good traditions and customs before the onrush of new ideas if there were no room left for doubt that the State is committed to the maintenance of the foundations of the economic order, and that nothing will be done to disturb, or uproot, the old-established rights of landholders in their property.

One of the most efficacious methods of affording this protection to property-owners is by making the proposed upper house not subservient to the lower house, but capable of exercising a salutary check on legislation, which may be found not to be in the best interests of the country. I need not press the claims of landholders before His Majesty's Government for a more sympathetic consideration on the ground of their unswerving loyalty to the established

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order, or their place in the economic sphere, but relying solely on practical considerations of efficiency, not to mention, of simple justice which dictates that those who constitute the backbone of the body politic in India should have adequate representation in the legislatures, I can confidently ask both His Majesty's Government and the Government of India to see to it that the case of landholders is not allowed to go by default. The number of seats allotted to landholders in the proposed federal Assembly, namely, seven, cannot by any stretch of the imagination be described as adequate considering the preponderating weight of the interests landholders represent in this agricultural country. No specific seats have been given to landholders in the new Council of State, and so far as Bihar is concerned, both the upper house and the Legislative Assembly will have to participate in a scramble for seats. When elaborate schemes have been drawn up for securing representation in the federal Legislature for communities whose interests cannot overweigh those of landholders, landholders cannot be accused of being too avaricious, or too nervous, when they express concern at the inadequacy of representation given, or proposed to be given to them, both in the new Assembly and the Council of State. If there is any magic in numbers, their numerical strength alone should entitle them to three times or at least double the number of seats allotted to them, according to the White Paper, in the Assembly, and a proportionately large number of seats in the Council of State.

These are some salient features of the case of landholders, particularly in Bihar, *vis-a-vis* the White Paper, which in my humble opinion deserve the serious consideration of the Joint Parliamentary Committee. They cannot be ignored without leaving a sense of grievance unredressed in the minds of Bihar landholders.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, I am going to follow the advice of the Leader of the House in confining myself materially to suggestions for alterations. I am not going to pass any remarks on the inadequate proposals that have been placed in our hands. Sir, before I say a word about the White Paper, I should like to endorse the appeal of the Honourable Maharajadhiraja of Darbhanga and say that the inadequate nature of the White Paper is due to our own disunion and I should like to add that by fighting among ourselves we are not forwarding our own cause, but we are retarding it. The Hindus have been afraid that the safeguards of the minorities will act against them and have been trying to lessen them, but they have forgotten the fact that they themselves are in a minority in the Frontier Province and Sind and any safeguard to the minorities will be to their benefit at least in those provinces. Muhammadans too have played the game too far. In trying to ask safeguards for minorities, they are trying to whittle down the powers of the majority and it will tell against their own majority in the provinces in which they happen to be in a majority. It is better that they should both realise that the terms "majority" and "minority" are comparative terms. They are not true for them for all places and times and there should be a spirit of give and take and live and let live actuating us, and then, as the Honourable Maharajadhiraja said, we will be able to enforce our demand without asking and begging for it.

Sir, as we are discussing this White Paper in the Council of State, I should like to begin with our own Council. It will be remembered by many of my colleagues that in 1931, March session, I brought forward a resolution about the substitution of the direct system of election for the indirect system as

recommended by the Simon Commission. If I revert to it again, I do not wish to force my opinion on the whole of India, but I am very glad to say that at least in my community there is a consensus of opinion in favour of direct election, as will be apparent by the fact that the All-India Muslim Conference passed a resolution yesterday advocating direct election for the Council of State. I, Sir, therefore wish to urge upon the British Government the advisability of substituting direct election, if not for all, at least for the Muslims. In this connection, I am very much grieved to see that the nominated element in the Council of State has not been lessened. At the moment there are 26 nominated members out of a House of 60 and in the future constitution, out of 260, 110 will be nominated. This gives a proportion of about 44 per cent. nominated members, which is very high for this house; and it does not in any way better our position; rather does it make it worse. In the present nominated non-officials we find men of independence, men who have got some stamina, who can dare to fight against the Government; but the future bloc that we see coming before us, will be a block which will to all intents and purposes be dictated to by the one personage, who will be the head of the political department; it will act and do and behave as one man; and that bloc of the Princes will stand always in our way, and, as His Highness the Jam Saheb has pointed out in his speech in the Chamber of Princes, the real necessity for bringing in the princes was to put a brake on the democratic influence in British India by the mixing up of the autocracy. While the position of the Council of State is exactly the same, the position of the Assembly has been made worse than what it is. At the moment out of a House of 145, we have got 40 nominated members and in the future Assembly out of 375 we are going to have 125. The present proportion is 27·6 and the future proportion 33·3. This is a distinct set-back and a retrograde movement which is incompatible with the promise that a democratic form of government would be set up. There is one other thing. So far as Indian electorates which now send members from territorial constituencies are concerned, their proportion in the Assembly will be reduced from 63 to 53 per cent. In this include the Hindus, Muhammadans, Sikhs and the landlords. These four constituencies now in the Legislative Assembly have 63 per cent. representation.

THE HONOURABLE SIR EDWARD BENTHALL (Bengal Chamber of Commerce): Would the Honourable Member have indirect election to the lower house if he is having direct election to the upper house?

THE HONOURABLE MR. HOSSAIN IMAM: No, I advocate direct election for the Assembly as well as for the Council of State, but if it is not possible for the Hindus, certainly for the Mussalmans I would have direct election.

Sir, there is one thing about which none of my friends have said a word,—namely, that some of the powers which the Indian legislature enjoy at the moment have been taken away by the White Paper. In the proposals relating to the subjects referred to in paragraph 49, which will remain in the hands of the Governor General as a special responsibility, items are included which at the moment happen to be votable supplies. There are five items I have been able to find which are at present partially subject to the vote of the legislature which will in future go out of it. These are the management of loans, British Baluchistan, expenses of the Governor General's staff, interest charges and pensions. These are at the moment votable but under the reformed constitution which promises us an advance they will become non-votable. This shows how far Government is really sincere in its promises and how far it is lip sympathy.

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Sir, I welcome the fact that the borrowing power is going to be taken away from the hands of the Secretary of State. But this power is being transferred from one autocrat to another. It is no improvement and no gain for British India. We want, Sir, that there should be a definite proposal that this power of borrowing should be transferred from the Secretary of State to the central ministry. At the moment paragraph 75 mentions it as a special responsibility of the Governor General, and does not transfer it to the federal ministry. We advocate, Sir, that this power should remain in the hands of the federal ministry and not in the hands of the financial adviser to the Governor General.

THE HONOURABLE SIR EDWARD BENTHALL : Would the Honourable Member quote the paragraph ?

THE HONOURABLE MR. HOSSAIN IMAM : Yes, I will quote it afterwards. Sir, as regards defence, we confine ourselves to defence remaining at least for the transitional period in charge of the British Government and no responsibility being placed in the central Government for it. But, Sir, there must be some amount fixed as the maximum for the expenditure on defence. Although in this House some of my Honourable friends advocated "back to the pre-war level" as the ideal, I am not going to ask the Government to accept that, but it is necessary that a maximum should be fixed over and above which all the Army expenditure must be subject to the vote of the legislature. It will be a strange agreement that the federal ministers should be in charge of collecting the revenues and have no control over the expenditure. If they know that they will have to contribute something like Rs. 40 crores they will know where they stand too, as the defence expenditure will not be subject to the control of the legislature, and if the member in charge of defence demands every year more and more money there will be no check on him. Therefore, it is essential that a fixed sum should be laid down in the Statute as the maximum sum which the Governor General can spend on defence without the sanction of the legislature. I would urge, Sir, that in ordinary times if there is any more money required the proposal should be placed before the legislature and it should be subject to their vote but in times of war the Governor General can of his own authority initiate extra expenditure on military and other defence forces. I would further suggest that if a beginning were to be made by transferring those parts of the Indian army in which officers' ranks are Indianized to the votable side, that will be a small beginning to make, and it will show to the country that the Government is really contemplating the transfer of defence to the Indian Legislature and that they are acting up to the statement of the Secretary of State in which he said that the defence of India will be more and more the common concern of Great Britain and India.

Sir, there is one thing which I would like to state and which I had stated last year in the discussion on the second Round Table Conference too. It is that the armed forces maintained by the Indian States now do not find any place in the picture in the composite defence of India. Now, we have got all the defence arms in British India co-ordinated under one Commander-in-Chief and it is accepted in all the countries of the world that co-ordination is essential for defence, but it is strange that no efforts have been made in the past nor is any effort being made for the future to co-ordinate these forces. I should like to make a suggestion which may or may not be acceptable to the Government but I think if they were prepared to accept it it would ease much of our difficulties. Sir, I have not got any official figure but I understand that about

Rs. 7 crores are spent annually by the Indian States on these forces. If this sum were placed not with the federal Government but with the paramount power and designated as a State Defence Fund under the orders of His Excellency the Commander-in-Chief it would be a very useful subject and in place of the useless and almost obsolete armies that are maintained in Indian States we could have a very efficient defence force and especially could we develop the Air Force of British India in which it is sadly lacking. According to the scales and proportions of other countries in the air India is very far behind. With its curtailed resources it cannot hope to get any more money from the British Indian section but if this fund were created and Indian States were to contribute to the paramount power for this purpose, it would ease much of our difficulties and create a very useful service.

Sir, as far as the reserve bank is concerned, my other friends have laid stress on it. I wish to say only one word. I wish to warn the British Government that they must take it as a settled fact that on the question of the directorate there can be no compromise. The directorate, as laid down in the 1927 Bill by the Joint Committee of both Houses, still holds good. If they are prepared to have a reserve bank on these principles then I think British Indians will have no objection to its formation. But if they want to make a share-holders' bank it will be very difficult for them to do it. Sir, the inauguration of the reserve bank is dependent not only on our own willingness but on the change in the circumstances over which we have got no control. One of the first conditions laid down by the third Round Table Conference for the successful inauguration of the reserve bank was that there should be a sufficient exportable surplus. As the Government knows, it seems to be a very far-off thing. Coupled with the decrease in the world's purchasing power and the reduction in our own commodity prices and the export of gold, it seems to be a very far-off thing indeed. I am afraid the Government too are not making any determined effort to establish this millenium. I would, therefore, suggest to the Government that the inauguration of central responsibility should not be deferred till the reserve bank has been successfully floated and is in working order.

Sir, as regards the states, it has been voiced from all sides that it is difficult to have a federation of autocratic states and democratic British India, and that the two are incompatible. Even then, we would have been prepared to federate with the Indian States if the Government had really desired to do this in a sincere way. The representation of the states at least in the lower chamber should be by some form of election. Unless this is done, I think we will think twice before we are prepared to pay the price the states demand. Not only are they demanding more and more seats, but they are trying to take away even the little that the White Paper wants to transfer to the federation. The speech of the Jam Sahib in the Chamber of Princes was quite clear that even the little in the way of direct taxation—corporation tax—that was proposed by the third Round Table Conference and by the Percy Committee, is not acceptable to the Indian States. They are not willing to contribute anything as direct taxation to the federation. May we ask, what partnership it is in which one partner is going to contribute nothing to the common exchequer and yet wishes to have a controlling interest in the management of the firm? It is an unheard of thing.

There is one thing about which I wish to stress. It is about the three counsellors, who are going to be appointed by the Governor General for the discharge of his special responsibilities. At the moment, His Excellency the Commander-in-Chief is carrying on the work of the executive head of the

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army as well as a member of His Excellency's Council in army matters. There is no reason why this arrangement should be disturbed. The creation of the other counsellor to look after ecclesiastical affairs is fraught with grave dangers. At the time when the Retrenchment Committee recommended the abolition of this department it was stated that they will be transferred mostly to the Army Department and very few stations will remain under the civil administration. For the control of expenditure which totals for all India, in its former form, Rs. 27 lakhs, there is no necessity to have a special counsellor appointed to look after these affairs. We are afraid that the counsellor will in effect prove to be the guardian of the services, and it is for this purpose that he is being pushed into the Cabinet of the Governor General.

As regards the services, I will only say one word. There can be no difference of opinion among Indians that the appointment of all future entrants to all the services must be with authorities residing in India except those appointments which are made by His Majesty the King. If they are central services, the responsible minister must be in charge, and if they belong to the provinces, the provincial Public Service Commissions should have the right to appoint them, and the rights and interests of all future entrants to the services must be in the hands of the provincial or central Governments, as the case may be. We will never agree to the Secretary of State continuing in his present autocratic function of appointing and representing the interests of the services.

Sir, the White Paper, as it is, not only fails to satisfy us, but it is distinctly a retrograde step, and unless the British Government is prepared radically to change its proposals to meet the criticism of Indians, it will, instead of inaugurating reforms, throw us back to the pre-reform days.

THE HONOURABLE MR. VINAYAK VITHAL KALIKAR (Central Provinces : General) : Sir, the result of the discussions at the three sessions of the Round Table Conference, as embodied in the White Paper, may be summed up in three things, *viz.*,

- (1) A sham provincial autonomy which seems to be a certainty.
- (2) Central responsibility with reservation and safeguards a probability, and
- (3) Dominion status, a distant and unapproachable goal.

Dominion status as conceived under the Statute of Westminster,—that is, a status of equality with that of Canada, Australia, South Africa and New Zealand—seems to be out of consideration.

The constitutional legal status of India instead of being allowed to progress towards self-government and dominion status, on the basis of democracy which connotes the acceptance of the principle of the sovereignty of the people has been brought back to the position which prevailed 75 years ago when India was reconquered after 1857 and taken away from the East India Company and handed over to the Crown of England. The repealing of the Government of India Act *in toto* has no other meaning than what I have stated. Whatever constitutional status has been attained progressively by the several Government of India Acts passed from time to time culminating in the present Government of India Act has been demolished by one stroke of the pen by proposing a total repealment of the present Government of India Act without promising recognition of the principle of the sovereignty of the people

Federation.—The federal constitution is to be brought into operation when the rulers of the states representing not less than half the aggregate population of the Indian States and entitled to not less than half the seats to be allotted to the states in the federal upper chamber have agreed to join the federation. Another condition for the setting up of the federal constitution is the establishment of a reserve bank. Both these conditions appear to be so uncertain that there is no wonder that the inauguration of the federal constitution may be indefinitely postponed. We are ready to welcome the princes but if they do not make up their minds soon full central responsibility in the Government of India should be introduced immediately and a date should be fixed for the inauguration of a federation for the whole of India leaving the way open for the princes to join the federation. Delay is dangerous and in view of the fact that the White Paper has been condemned by all schools of political thought in India it is necessary in the interest both of India and Britain that immediate steps be taken by His Majesty's Government and Parliament to introduce full responsible government in the centre coupled with real provincial autonomy in the provinces.

Services.—The proposals regarding the future of the all-India services are justly resented by even the most moderate of Indian politicians. The recommendations of the Services Sub-Committee of the first Round Table Conference have been practically ignored and no point of major importance in this connection, for which the Indian patriots have been agitating has been conceded. Clauses 180 to 189 of the proposals which deal with the services do not make any reference to the discussion held at an early stage of the Round Table Conference. According to the proposals the recruiting and controlling authority will be the Secretary of State just as at present. Neither the federal Government nor the legislature will have the authority to question any decision that Whitehall may take as regards conditions of recruitment, service, salaries, pension and other emoluments of the "steel frame". The Services Sub-Committee appointed by the first Round Table Conference had recommended that in future the powers of recruitment to the Indian Civil Service and Indian Police Service should vest entirely in the federal Government and not in the Secretary of State. The recommendations of the Services Sub-Committee have been rejected and it seems that they have not taken the conference into confidence in settling a question of such vital importance to the harmonious working of the new federal executive. It ought to have been stated definitely in the White Paper that the recruitment to both these services shall be in the hands of the federal Government and that the centre of examination will be transferred from England to India. The net result of the proposed arrangement will be a state of continuous friction between the ministers and the services. The Secretary of State's supreme authority is also guarded in the sphere of the proposed federal Public Service Commission. He will have the power to appoint its members at his own discretion without consulting the federal Government or the legislature. The appointment of the federal Public Service Commission ought to have been left to the Governor General in consultation with his ministers.

Governors' provinces.—The provincial executive will consist of the governor and a council of ministers. The ministers will be appointed by the governor and the governor can over-ride his ministers' advice not only in matters relating to excluded areas but in all provincial matters. In dyarchy the legislature has the last word, at least in some matters, but there is no such thing in the proposed constitution. Under the proposals the salary of provincial ministers will not be subject to variation during their term of office. The matter should have been left to the discretion of the legislature. The

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governor will have special responsibility in respect of many matters and he will exercise much greater authority than he does now. Under the present dyarchy the provincial legislatures can discuss all matters relating to the reserved departments though their votes are not binding on the Government. Under the proposed constitution certain areas in each province will be completely reserved from the purview of provincial Assemblies. This is clearly a retrograde step. At present there is an Indian executive counsellor to advise the governor in respect of the reserved departments but under the proposed constitution he will not be guided by the advice of an Indian minister in respect of excluded areas and other matters relating to which he will be declared to have special responsibilities. The governor will have power which he does not possess under the present constitution to promulgate ordinances to discharge his special responsibilities. The net result of the proposal in the White Paper regarding governors' provinces is that dyarchy will be abolished and the governor will be the sole authority, no power whatever being left to the ministers responsible to the provincial legislatures.

Finance.—The Gandhi-Irwin Pact provided for safeguards in financial matters which would be clearly in the interest of India. The White Paper says that the safeguards are devised in the common interest of both the countries, viz., England and India. There are proposals for the appointment of a financial adviser to the Governor General. If at all there is any necessity of having a financial adviser he should not represent any political or financial interest in India or in England. Moreover he should be appointed by the Governor General on the advice of his finance minister. Eighty per cent. of the Government of India's revenues will not, under the proposals, be dealt with by the finance member but he will only control the remainder subject to embarrassing restrictions. The aspirations of the people of India are to manage the finances of the future federal Government through a minister responsible to the federal legislature. But if it is thought advisable for the transition period to have non-votable and votable items in the federal budget the financial adviser should not at all be allowed to interfere with the votable items. The power of the finance minister should be supreme so far as the transferred departments are concerned. One of the two conditions for inaugurating the federal constitution is the establishment of a reserve bank. If this condition is absolutely necessary I fail to understand the propriety of the proposal of arming the Governor General with powers regarding the introduction of currency and exchange legislation in the federal legislature. The reserve bank with the consultation of the finance minister should be left free to manage legislation regarding currency and exchange without interference from the Governor General. The proposals regarding commercial discrimination are in fact a serious encroachment on the powers that should be possessed by any responsible government and legislature and will leave to our future Government and legislature no freedom of action in the furtherance of Indian trade and industrial development. We are opposed to the principle of discriminating legislation in this matter but the infant industries of India must be protected by the provincial or the central Government at any cost. It is therefore necessary that there should be ample power in the hands of central and provincial Governments to check the evil effects of unfair competition. We do not want to interfere at all with the business concerns of foreigners so long as they carry them on according to the law of the land.

Military.—The proposals in the White Paper regarding the defence of India show no improvement over the present position. It is an admitted principle that with the development of the new political structure in India the defence of India must to an increasing extent be the concern of the Indian people and not of the British Government alone. The proposals in the White Paper have totally belied the aspirations of the Indian people in this connection. We do not find in the proposals the least indication of an attempt to transfer power to the federal legislature and the federal Government to control the military policy and military finance to a small extent even. No doubt, there will be consultation with the federal ministry of the future and speeches will be permitted in the legislature but there will be no effective check on the military policy of the Governor General even to a small extent during the period of transition. The recommendations of the Rawlinson Committee have been given the go-by in the White Paper. A provision ought to have been made for nominating an army minister from the Indian elected members of the federal legislature to advise the Governor General in the matter of the defence of India so that he may be initiated during the transitionary period in the art of controlling the army department as well as get support of the legislature and prepare them for taking interest in army affairs. An Indian Defence Committee should be appointed under the new Act composed of the members of the Indian Legislature with a view to advise the Viceroy in the matter of the Indian army and defence of India, and provision should also be made for the Indianization of the army within 30 years' time. It is also necessary that the annual recruitment of commissioned officers should be made in India and not in England. For this purpose the establishment of a central military institute in India is an essential step and provision should be made in the new Act for the establishment of such an institute as also for the introduction of a course of preparatory military training in the colleges and high schools of India. It should also be provided in the new constitution that though during the period of transition the army expenditure and budget may be reserved subjects, the army estimates should be placed before the federal Assembly and they should have the full right of debate and vote subject to veto and certification during the transition period. Attempts should be made to bring the army expenditure to the pre-war scale. It is but equitable and just that the Indian army should not be sent out to serve outside Indian territories at the cost of India. In such a contingency the expenditure should be borne by Parliament and provision to this effect should be made in the new constitution. In short the Indian army should be within the prescribed period truly Indian in all its essentials.

Conclusion.—There is one supreme test by which the proposals in the White Paper should be judged and it is as to how far the real power has been transferred from Whitehall to India. Looking from this point of view, the White Paper is most disappointing to the aspirations of the Indian people.

In conclusion I cannot but impress upon His Majesty's Government and the Government of India that the White Paper as it stands is universally condemned. It has not approached the goal which was promised before the holding of the first Round Table Conference by responsible British statesmen. If the pledges so far given to law-abiding citizens and sober Indian politicians regarding the intentions of the British Government of transferring the real power to the Indian people through their legislatures are to be fulfilled the provisions of the White Paper should be radically modified. Then alone the discontent in the country will be allayed and the smooth-working of the administration will be possible. The ideas of democracy have come to stay in India and if all the labours of the three sessions of the Round Table Conference

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have to bear any fruit the new constitution should be so framed as to meet the legitimate aspirations of the people of India for dominion status. I fervently hope that British politicians who are known for their love of freedom will be fair and straight to their cherished principles in dealing with the Indian question. The whole world in general and India in particular is keenly watching the game.

THE HONOURABLE Mr. M. Y. RANGANAYAKALU NAIDU (Madras : Non-Muhammadan) : Mr. President, the proposals of reforms contained in the White Paper are so utterly unsatisfactory that they have been condemned from the Himalayas to Cape Comorin, from the Indus to the Brahmaputra. It is my duty here in this Honourable House to speak out my own mind and the minds of my constituents whom I have the honour to represent. Sir, I wish today you were on the floor of the House to offer your observations on the financial reservations. I am not a financial expert but even a layman like myself can say that he who runs may read. Hopelessly inadequate is financial responsibility. In fact there is no financial responsibility at the centre. Under the White Paper scheme the financial adviser is interposed between the Indian chancellor of the exchequer on the one hand, whose responsibility is to the legislature, and the Viceroy on the other who is clothed with extraordinary powers. The safeguarding of the financial stability and the credit of the federation is treated as a special responsibility of the Governor General. This special responsibility is to be exercised in accordance with the direction contained in the Instrument of Instructions. This special responsibility is to be imposed upon him by the Constitution Act. This special responsibility is to be exercised, if the Governor General chooses, in the teeth of ministerial advice, "in such manner as he judges requisite". Between the finance minister and the Governor General, that is to say, between the people of India and the people of Great Britain, stands the financial adviser. The Viceroy on the advice of his financial adviser can over-rule his finance minister. The Governor General's responsibility is to Great Britain and he will naturally act according to Britain's interest and not India's interest. If there is to be a clash between the British interest as represented by the Governor General and the Indian interest as represented by the finance minister under the White Paper, British interest must prevail. Financial autonomy has been reduced to a sham, a caricature, a farce, a fraud upon the public. It would be more honest and more honourable for the Government to treat finance as a reserved subject instead of pretending that it is transferred to popular control. This pretension arises from the fact that the public will not touch with a pair of tongs the new reforms unless and until they have the control of the purse. But I warn His Majesty's Government that unless and until the financial restrictions are removed and the minister made wholly and solely responsible to the legislatures, the public of India will continue to be dissatisfied.

Another aspect under which I propose to treat the new proposals is in regard to provincial autonomy. Much has been said by the Tory reactionaries in England that the reforms are too large. If only they examine the provincial features of the White Paper scheme, they will find that even provincial autonomy is not introduced in all its completeness. The governor is endowed with special powers to over-rule the minister of law and order. The police and the civil services who administer law and order are to be responsible to the Secretary of State. The governor too is to be responsible to the Secretary of State. If there is to be a difference of opinion between the governor and the minister in charge of law and order, under the White Paper the governor can

act "otherwise than on his minister's advice." May I ask how the governor can know better than the minister in charge of law and order? Does the governor keep a separate department of law and order to arrive at a truthful conclusion in regard to public safety or tranquillity or the lack of it? In the absence of a department other than the law and order department for which the minister is responsible to the legislature, how can the governor, I ask in the name of common sense and logic, act differently from the advice of the ministers? This is reducing provincial autonomy into a ridiculous thing, a mockery. Sir, it would have been more honest had the Government said that law and order will not be transferred. In that case public opinion would have spurned the reforms. Therefore with the cunning of imperial statesmanship, the control of law and order is given with one hand and taken away with the other. So long as the services, both police and civil, are controlled by the Secretary of State, so long as they can communicate directly with the governor over the head of the minister, because the governor represents the Secretary of State in the provinces, so long will the services continue to dominate. Where I ask do the services dominate the ministries?—in no self-governing country in the world. If responsibility is to be real and autonomy in the provinces not a mockery and a pretence, then the governor's statutory powers in regard to law and order must be taken away or at any rate modified to this extent that he should act in accordance with the advice of his minister. If he is not in agreement with his minister, he may order a new election or send for a new party leader to form a new government, but surely he cannot act over the head of the minister. This will only mean that the governor can play the autocrat when he chooses. Autocracy and autonomy are not synonymous terms. The White Paper scheme retains the provincial autocracy clothed in an attractive robe of autonomy.

I must also say a word on the future of the services. Recruitment must cease in England. I am willing to assure, in fact I am anxious to emphasise, that the present rights, emoluments and privileges of the existing imperial services must be scrupulously maintained, for I believe in the sanctity of contract. But at the same time I want to make it perfectly clear that India cannot afford to pay the same high salaries for the services in future. And, as in the colonies, the recruitment must exclusively be done in India and the centre of authority be transferred from Whitehall to Delhi-Simla. I do not say that we must exclude Englishmen from the services: just as they go to the colonies, so can they come to India. But they must know what the future holds for them in their own interest as in our own, knowing which they may come to this country to serve in a spirit of service, in response to a higher call, for the mastery and domination which has hitherto belonged to the superior services will no longer be theirs. Until and unless the members of the services are reduced to the position of servants and cease to be that of masters, responsibility at the centre as well as in the provinces will not become real. Without the reality of responsibility there can be neither peace nor contentment in the country. India cannot accept the shadow. What she wants is the substance.

In conclusion, Mr. President, I would remind His Majesty's Government of the words uttered by the late Lord Birkenhead, who was then the Secretary of State for India. He said, "We no longer hold the gorgeous East in fee". On reading the White Paper, I can only say that England proposes to hold India in the steel grip of imperialism. Unless the "steel frame" of the civil and police services cease to dominate the administration, I will say that the pledge given by His Excellency Lord Irwin as Viceroy in March, 1931, will not

[Mr. M. Y. Ranganayakalu Naidu.]

be fulfilled. I must also enter my emphatic protest at the introduction of central responsibility being made contingent on the entering into the federation of the Indian States, hitherto outside the Government of India. I must also deplore the lack of adequate provision in regard to the speedy development of responsibility in regard to defence. I must condemn the powers of the governors and the Governor General given in a manner to induce their exercise to nullify responsibility. Unless in these respects the proposals are materially and adequately improved, there can be no hope of establishment of peace and the removal of unrest in the land.

THE HONOURABLE KUMAR NRIPENDRA NARAYAN SINHA (West Bengal : Non-Muhammadan) : Sir,

“ The policy of His Majesty's Government, with which the Government of India are in complete accord, is that of the increasing association of Indians in every branch of the administration and the gradual development of self-governing institutions with a view to progressive realisation of responsible self-government as an integral part of the British Empire”.

Those were, Sir, some of the pregnant words that the then Secretary of State for India made in the House of Commons on the 20th August, 1917, in giving effect to the Resolution of His Majesty's Government for the inauguration of a popular constitution in India, which actually came into being and considerably eased the troubled political situation of those days. Similar pledges of self-government have also come to us since from other high and authoritative quarters. But a study of the White Paper wholly belies our expectations, as it affords no indication whatsoever to implement those pledges, nor does it evidence that kind of statesmanship which is vitally needed for handling the present political situation of the country.

The supreme test by which the real purpose of our future constitution is to be judged is when this constitution is to go, whether it will expire automatically, or there will be all this fuss of royal commissions, round table conferences, blue and white papers, and joint parliamentary committees, before it comes to an end. But if we are to base our hopes on the solemn pledges that have already been given to us from time to time that the next constitution will evolve into dominion status in the British Commonwealth of Nations, and again, if we subject the scheme that is before us to the usual tests, we find nothing but a cruel mockery of our long-cherished desires, for there is no mention either of the period up till which the proposed constitution will last, as the Montagu-Chelmsford Report has forecasted or of the form of constitution that will follow upon its heels, as suggested by the Simon Commission. In my mind the constitution as outlined by the White Paper betokens an entire negation of India's political aspirations. In all matters where self-government really counts, such as defence, finance, external relations, commerce and industry, not a vestige of power has been transferred to the people. In the provinces the governor is proposed to be made a greater autocrat than what he has been already under the present constitution. Although it has been held by some people that the residuary and over-riding powers of the governor will be used in very rare instances, our experience of past years says quite otherwise. It is true once or twice the power is exercised with some delicacy or hesitation, but once that is exercised, the feeling of delicacy vanishes, and the exercise of such powers goes on unreservedly. Need I remind the House that a cut of Rs. 10,000 necessary for the renovation of Government House carpets was certified by Lord Lytton on the ground of peace, order and

tranquillity of the province. Again, in the centre, the proposed constitution keeps intact all the present reserved or discretionary powers vested in the Governor General. With ministers on one side and counsellors on the other, where any conflict will arise between the two sections, the Governor General is sure to befriend his counsellors and also be befriended by them in turn, and use his residuary powers to the utter discomfiture of his ministers. Exercise of reserved powers will henceforth go on galore and the ministerial responsibility to the legislature will be reduced to a nullity. Again by placing the minister's salary on the non-votable list the legislature will be precluded from bringing in a vote of censure on them by moving a cut on it.

Next, the conditions of recruitment and control of the imperial services and the vague and indefinable proposal about the statutory Railway Board as well as the decision to make non-votable the salaries of members of the Public Service Commission, both central and provincial, lead us to believe that our future constitution intends to whittle down even the little privileges that we enjoy in the present constitution, and does not wish to part with any power in those matters to the people of the country. As outlined provincial autonomy will be a misnomer, and a jumbled-up dyarchy will reign supreme at the centre to our great disgust and disappointment.

Then the inauguration of the federal Government has been hedged in with so many possible and impossible conditions, which render its early establishment a matter of great uncertainty. Again effective financial control by the popular ministers in the federal Assembly is bound to be quite illusory, so long as 75 to 80 per cent. of our resources are swallowed up by the reserved side of the administration.

The question of federal finance is another matter of great moment to us. The scheme made to balance the budget of the federal Government in India, without any consideration of the budgetary position of the various provinces, is another disquieting feature of the future constitution. Any measures taken to strengthen the centre at the expense of the province will lead to a risky and undesirable financial position of most of the provinces for some years to come. But it is evident that the taxable capacity of the people in the provinces has been more than strained, and it will produce a futile result if we are to strain it any more. While the princes have not got to delegate anything which is so essential for their real federation to the Government, yet they will have a potent voice in the vote of the federal legislature, where 90 per cent. of the business will appertain to British India.

Sir, if it is really intended that the present political turmoil in the country should go, it is necessary that the Joint Select Committee, which will sit to revise the White Paper, should advise absolute control of the services to the future ministers, although I concede their recruitment may yet lie in the hands of the Secretary of State for India for a certain number of years. I am also prepared to concede that in cases of discharge or dismissal of any member of the services, the ultimate decision will rest with the Secretary of State. I would also urge, Sir, that the Committee should closely shift the future relations between the counsellors and the ministers at the centre and adumbrate their conclusions in that particular matter in such a clearly defined way as will take away all causes for friction between the two. There should be no equipoise between the number of the counsellors and the ministers and the spirit of the constitution should be made such that ministerial responsibility in all ordinary cases should over-ride the decision of the counsellors. I am willing to allow the entire control of defence, finance and external relations by the future Governor General, but in return I should insist upon our ministers having the

[Kumar Nripendra Narayan Sinha.]

fullest control over our commerce and industry. If it is intended that the princes will serve as a sort of ballast and reinforcement against nationalistic proposals in the federation, I should say that that object will ever militate against the legitimate aspiration of the people. In the provinces the discretionary powers of the governors are altogether unnecessary and uncalled-for. With an autocratic governor provincial autonomy in provincial details only will hardly fit in, for matters of the most vital interests will be ever kept outside the jurisdiction and control of the provinces and their ministers. The vesting of discretionary powers in the governor signifies great distrust of the people and the popular ministers. So far as we, the landlords are concerned, I feel constrained to say, Sir, that neither the Round Table Conference nor His Majesty's Government has done anything to satisfy our requirements, although it is my information that the Government of India's despatch on the constitutional reforms and all local Governments strongly supported the just and legitimate claims for our special enlarged representation everywhere. But what I find is that in all the provincial councils, out of a total strength of 1,585, there will be only 37 of our representatives, and in the federal Assembly, out of a strength of 250 from British India, there will be only seven of our representatives. I would urge, therefore, most emphatically that this sort of representation of our class in the future legislatures has been altogether inadequate and ineffective and is calculated to sweep us off our feet in the new constitution. What we want is that our representation should enlarge in proportion to the enlarged councils. Again, the Poona Pact, on the basis of which heavy representation of the depressed classes has been allowed in my province of Bengal, has done us immense harm and injustice, as the problem of the depressed classes never troubled us in any way. The Joint Select Committee will, therefore, do a distinct service to His Majesty's Government, if they will closely and carefully examine all the proposals in their possible and impossible bearings before they submit their final recommendations before His Majesty and also set forth a detailed enumeration of all our fundamental rights, as without that any conception of the future constitution will remain incomplete and unacceptable.

THE HONOURABLE THE PRESIDENT : This will be a convenient stage to adjourn the House. The debate on the White Paper will be resumed tomorrow.

The Council then adjourned till Eleven of the Clock on Tuesday, the 28th March, 1933.

COUNCIL OF STATE.

Tuesday, 28th March, 1933.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

LEVY OF FEES FOR THE ISSUE OF PILGRIM PASSES AT KARACHI.

184. THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ : Has the attention of Government been drawn to a statement in the press that a fee of Rs. 3 was being demanded from pilgrims at Karachi for a pilgrim pass, although no such fee was levied before ? Was this complaint brought to the notice of Government by any one ? If so, by whom ? Did Government make any enquiries ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : Yes. The complaint was first brought to the notice of Government by one Mr. Ismail Ghaznavi from Amritsar, but on enquiry from the Government of Bombay the allegation was found to be incorrect.

PROMOTION OF OFFICERS OF THE UNIVERSITY TRAINING CORPS HOLDING DUAL COMMISSIONS.

185. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : 1. Will Government be pleased to state under what conditions the promotions of the University Training Corps officers holding dual commissions are regulated ?

2. For purposes of promotion from Honorary Second Lieutenants to Honorary Lieutenants, do the University Training Corps officers come under King's Regulations ? If so, is it a fact that several officers, after qualifying for the retention examination within two years and three months, were not promoted to Honorary Lieutenants in due time but long after ? If the answer be in the affirmative will Government kindly state the reasons for the delay ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : 1. and 2. Dual commissions are no longer granted in the University Training Corps, but those members who held honorary commissions in 1928 were allowed to retain them. The honorary character of these commissions has no effect on promotion, which is governed by the Regulations for the Indian Territorial Force and not by the King's Regulations.

Ordinarily an Honorary Second Lieutenant who has passed the retention examination is promoted to the rank of Honorary Lieutenant after two years and three months' service. If the Honourable Member will refer me to any specific cases in which he believes that the promotion of an officer of the University Training Corps has been improperly deferred, I will have enquiries made.

PROMOTION OF SENIOR GRADE OFFICERS OF THE UNIVERSITY TRAINING CORPS TO SENIOR GRADE COMMISSIONS.

186. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : Will Government be pleased to state whether the University Training Corps officers were entitled to be senior grade officers from September, 1928 ? If so, how is it that the officers whose promotions were deferred, did not get senior grade commissions but still continue to be junior officers ?

PROMOTION OF OFFICERS OF THE 2ND (CALCUTTA) BATTALION, UNIVERSITY TRAINING CORPS, TO SENIOR GRADE COMMISSIONS.

187. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : 1. Will Government be pleased to state if it is a fact that the 2nd (Calcutta) Battalion University Training Corps officers were asked to fill in the forms for senior grade commissions in 1930 ?

2. Is it a fact also that the officers were medically examined in 1930 ?

3. If so, will Government kindly explain why the cases of the said officers were not sent up for consideration ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : With your permission, Sir, I will answer questions Nos. 186 and 187 together.

The attention of the Honourable Member is invited to the answer which I gave on the 6th March to his question No. 134. I have called for a report and will send him a reply in due course.

APPOINTMENT OF OFFICERS OF THE TERRITORIAL FORCE TO THE CANTONMENT DEPARTMENT.

188. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : Will Government be pleased to state if any Territorial Force officers have up till now been appointed to hold the job of cantonment executive officer ? If so, the number thereof ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : Two such officers have been appointed to the Cantonments Department, but one of them is no longer in the service. A third officer is now under training for the department.

VIZAGAPATAM HARBOUR.

189. THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK : Will Government be pleased to state what was the estimate for building Vizagapatam harbour ? Up till now how much money has been spent on that scheme ? Is it a fact that the channel is presenting great difficulty in making the scheme a success ?

THE HONOURABLE SIR GUTHRIE RUSSELL : The total amount originally sanctioned for the Harbour Scheme was Rs. 218 lakhs. The expenditure up to the end of December, 1932, was Rs. 217 lakhs. The total cost of the scheme as now estimated is about Rs. 317 lakhs, which includes Rs. 85 lakhs for works likely to be required within five years after the opening of the port, to adequately handle the expected growth of traffic. All these figures exclude interest charges during construction. Unforeseen difficulties in dredging and maintaining the outer channel have been experienced, chiefly

due to a continual drifting of sand on the seabed along the coast, and it has consequently been found necessary to construct a breakwater which has resulted in an appreciable increase in the cost of the scheme.

ORDERS OF EXPULSION SERVED ON FOUR MEMBERS OF THE CHETTI COMMUNITY IN SAIGON, INDO-CHINA.

190. THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI: (a) Is it a fact that on the 18th, 19th and 20th March, 1933, the Indo-China Government served orders of expulsion on four Nattukottai Chettiars who are carrying on business in Saigon, Cochin China, directing them to leave Cochin China by the 24th March? If so, what were the grounds for the order of expulsion?

(b) Have Government received representations on the subject from the Nattukottai Nagarathar Association, Madras? If so, what action have Government taken to safeguard the interests of the community in Indo-China.

THE HONOURABLE SIR CHARLES WATSON: (a) Yes. The Government of Indo-China recently issued orders that execution of money decrees, especially decrees for debt secured on agricultural land, must be reduced to a minimum in order to safeguard the peasants, against whom a number of decrees are held by the Chetti community. The four persons against whom orders of expulsion have been served have insisted on proceeding with the execution of their decrees and have therefore been ordered to leave the country.

(b) The answer to the first part of the question is in the affirmative. Immediately on receipt of these reports the Government of India supported by telegram to His Majesty's Government the request already made to the local Government by His Majesty's Consular Representative at Saigon for postponement of execution of the order. Government have also requested that the matter may be represented to the French Government through the usual diplomatic channel. The latest information is that the Consul General's request for postponement has been refused and the persons concerned have either already left Saigon or are leaving within the next two days.

MOTION *RE* CONSIDERATION OF THE WHITE PAPER ON INDIAN CONSTITUTIONAL REFORMS—*contd.*

THE HONOURABLE THE PRESIDENT: The debate will now resume on the White Paper.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal: Non-Muhammadan): Sir, I must at the very outset thank Government and the Honourable the Leader of the House for giving us an opportunity of discussing the White Paper. Without any quibbling, or a long exordium, I must at once express my frank opinion on it and then try to make a concise survey of the entire scheme as far as possible.

Sir, the White Paper has belied our hopes. It has blackened our outlook for swaraj. It has disappointed us. Having cried for bread we have got stones. Of course we did not cry for the moon, Sir, nor were we in a fool's paradise; but we expected that a real beginning would be made in the matter of our attainment of dominion status but far from being given the substance of self-government on colonial lines we have not had even the shadow of it.

[Mr. Jagadish Chandra Banerjee.]

I do not think, I should remind the House of what Mr. Wedgwood Benn, the former Secretary of State for India, once said in the House of Commons referring to the coming Indian reforms. We all know, Sir, that he said,—and so far as I remember his words were “that dominion status was in action in India. But the words “dominion status” are conspicuous by their absence in the White Paper. The proposals as contained in the White Paper, which is indeed a pro-White Paper in all its bearings, are unsatisfactory, inadequate and fall far short of our just and legitimate demands. The powers of the Governor General and the provincial satraps in respect of promulgating ordinances that take away the elementary rights and privileges of the people can be favourably compared with the Tsarist ukases. There may be people in the country who may work the reforms for all they are worth but the majority of Indians will not touch them even with a pair of tongs. To the progressive school of thought to which I belong, it has not come as an unagreeable surprise.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK: Just as you belong to the Progressive Party.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: Yes, I do. Sir, the euphonic expressions such as provincial autonomy, transfer of law and order to popular ministers and management of finances by them, do not appeal to me when I find that the provincial governors can ride roughshod over the decision of the provincial legislatures as well as that of his ministers. Not only that—they have other extraordinary powers which, I think, will surely be resented by the people in no uncertain terms.

The scheme of reforms as we find in the White Paper is qualified and hedged in by so many limitations, safeguards and responsibilities that the people for whom it is meant will in vain search in it for their own safeguards and responsibilities. These limitations and safeguards are opposed to the interests of India and require substantial modifications. Sir, I am not blind to the fact that the constitution as embodied in the White Paper is but a skeleton of the future government that is within sight and not the final which will be shaped by the Joint Select Committee of Parliament wherefrom the constitution may either emerge in an improved form or in a worse form: I say, worse form, Sir, because I am rather afraid of the disgruntled Tory elements in England that have raised a regular hue and cry against the introduction of further reforms in India. Of course a few of them on the Joint Parliamentary Committee will not be able to do much mischief.

Now, Sir, coming to the details of the proposals in the White Paper which I should like to touch on as briefly as I can as I do not like to take much of your time, Sir,—and making no further generalizations in my criticisms I should like to say that it is really regrettable to note that the idea of a federated India is yet in the air and not a settled fact, as may be found from the attitude of some of Their Highnesses as reported in the press. It was, we thought, really a happy sign of the times when we learnt that Their Highnesses had condescended to put their shoulders to the wheel along with us and would work with us,—the plebeians, for achieving the common goal of the country, but the White Paper does not definitely and clearly say how far we are from attaining that object. However, it is hoped that all obstacles will disappear and there will be the establishment and smooth working of the federation which will be the consummation of our hopes much devoutly to be wished for.

Then, Sir, I come to the composition of the British India side of the Assembly of the federal legislature wherein we find that in the matter of representation and granting the claim of the landholders of Bengal the change is from Tweedledum to Tweedledee. In this respect Bengal remains where she is. It is no doubt a grave injustice but I hope in the Joint Parliamentary Committee this question will be properly thrashed out and that the Bengal landholders, considering the position they hold in the country, will have more representation in the federal Assembly. Then, there are to be only ten members from the general constituency and three from the depressed classes but 17 from among the Muslims in Bengal in the federal Assembly, which is an iniquitous adjustment, the responsibility for which lies in the Premier's Award and the Poona Pact. Forsooth it is a cruel irony of fate, Sir, that in Hindustan the Hindus are to be dubbed as members of general constituencies, and as regards the depressed classes the problem is not at all acute in Bengal. It has been engineered in definite shape by some designing persons. If it is the sincere motive of Government to protect and safeguard the interests of minorities—the Hindus being in a minority in Bengal—this problem should have been tackled by Government and dealt with in a fair and square way ; but Government have done nothing to assuage public feelings.

Then, Sir, there is the question of the federal Council of State and its members from British India. First of all, Sir, nomination to this House remains, which we thought would be done away with but to our utter astonishment we find that that objectionable feature, that anomaly, that antediluvian idea, remains in the picture. It is hoped the Joint Parliamentary Committee will be able to abrogate the question of nomination to this House. I think, Sir, we have passed that stage when some members would care to come to this House through nomination. I believe I voice the sentiments of a vast section of Indians and also those of several members of this Honourable House that indirect election to the federal Council of State will be adversely criticised by them. Indirect election or electoral colleges may exist in the United States of America and in Egypt but they will have no room in India today. Direct election is in itself a training to the people who are taught to exercise the right of voting, and who become aware of the value of franchise and may take a lively interest in the election to the legislatures in the country. If it is the idea of Government that, as direct election to the federal Council of State would involve a good deal of expense to the candidates, they should come in by the back door, Government are mistaken, because it would be tantamount to sacrificing the principle of franchise in the name of economy. Further, Sir, I cannot understand how by a queer process of calculation 18 seats each have been allotted to Bengal, Bombay, Madras, the United Provinces, the Punjab and Bihar, in the federal Council of State. The legislatures of these provinces according to the new constitution would not contain the same number of members and in some of the provinces where there would be upper chambers, both the houses will participate in electing the members to the federal Council of State. In view of this fact, if not for any other province, at least for my own province, I should like to enter my emphatic protest against this unjust and unfair allocation of seats in the federal Council of State. It is to be hoped that this treatment towards Bengal will be brought to the prominent notice of the Joint Parliamentary Committee and the wrong done to Bengal righted by the members.

Then, Sir, in the upper chamber in Bengal which is to be known as the provincial Legislative Council, out of the total 65 seats, 12 are for Hindus and 17 for Muslims. Of the 27 members to be elected by the members of the Bengal

[Mr. Jagadish Chandra Banerjee.]

Legislative Assembly, the majority may be Muslims because Muslims are in a majority in the provincial Assembly. Then, Sir, there will be nomination of ten members to the federal Council of State by the governor. I have already said what I think of nomination of members to a legislature. In a word, Sir, nomination makes the principle of franchise nugatory. The second chamber may be useful to Bengal but I am sorry to observe that it is not free from communal representation.

The landholders in Bengal to which class I have the honour to belong, Sir, have been grossly neglected in the matter of representation in the provincial Assembly as only five seats have been allotted to them in that House while there will be as many as 11 European members from their own constituency and 14 more from commerce and industry and mining and planting special constituencies thus making a total of 25 European members in the provincial Assembly of Bengal. The landholders in Bengal, Sir, being the natural leaders of the province are entitled to get further representation in the provincial Legislative Assembly. It is hoped that the case of the Bengal landholders will receive the best attention of the Joint Parliamentary Committee and the members will find their way to make further provision for them as regards representation in the provincial Assembly.

Sir, one would be sadly mistaken if one thinks that there is responsibility at the centre of which there was so much talk and which is our legitimate demand ; but instead of responsibility at the centre, we find not only dyarchy but tyarchy at the centre, which, I am afraid, will be an unworkable failure, because the proposed constitution at the centre as we find in the White Paper consists of the Viceroy and Governor General with his three kinds of reserve powers, such as "special responsibilities", "discretionary control", and "non-transferred authority", the ministers and the counsellors. Virtually, the Governor General, according to the White Paper, is the Dictator of India's destiny. "Responsibility" there is, Sir, but that is of the Governor General and not of the executive to the legislature, in the truest sense of the term.

As regards federal finances, the finance minister's difficulties are that he will have no control over 80 per cent. of the budget of the federal Government because that would be non-votable. Then, Sir, there is another "responsibility" of the Governor General which is that under the White Paper he would have special power to maintain India's credit in the world-market and if he thought that the proposals of the finance member were inconsistent with his "responsibility" he would veto them. In these circumstances the finance member will not be able to work unfettered and use his independent judgment.

But the financial arrangements as regards Bengal appear to me to be somewhat satisfactory and I think, in the case of my province, a certain measure of tardy justice has been done at long last. Bengal will get half the jute export duty and at least half of the ordinary income-tax. I hope these arrangements will improve Bengal's financial condition and there will be no deficit in her budget in future.

Now, Sir, as regards the services, the arrangement under the White Paper does not leave me content. Provincial autonomy will be meaningless, Sir, if the services in the civil administration are not provincialized. The Secretary of State's continued power over the services is a disappointing feature of the new constitution.

In conclusion, I should like to mention that the representation of the states in the federal legislature is far in excess of what they are entitled to get. The states are to get one-third in the lower house and more than one-third in the upper house. This is indeed a heavy price that has been agreed to by Government for the princes joining the proposed federation.

As regards the reserve bank, though it would be under the control of the legislature, I am very much in doubt whether it would have an independent position or a subordinate one, for, if the legislature want to amend the constitution of the bank, the previous sanction of the Governor General would be required which may not be had if the proposed amendment does not meet with the approbation of or suit the British investors. How far the control of currency and exchange will be under the federal Government even after the establishment of the reserve bank, is a matter about which too I have very grave misgivings in my mind.

The statutory Railway Board too is another objectionable feature of the new constitution.

With these few words, Sir, and thanking you for allowing me such a long-time of the House, I resume my seat.

THE HONOURABLE MR. G. S. KHAPARDE (Berar Representative): Sir, I am glad to get an opportunity of speaking at this stage, somewhat in the middle of the discussion as it is going on, for this reason that I am able to give what I call a hint as to how we are to proceed. My hint may be taken as a valuable one, because I claim that Hindus, however wanting in other respects and however inefficient they may be, are experts in the art of preserving themselves, withstanding all invasions and surviving. During historical times, the Greeks came here and Alexander won a great battle but after all the victory proved infructuous; the vastness of the country and the opposition proved too much for him. Then the Romans came, but they began at the wrong end—Ceylon—then they were overcome by difficulties and quietly retired. Then came the Muhammadans from the north. We fought them as far as possible; but when we found that we could not win on the battlefield, we took counsel with ourselves. What are the ways of winning in this world? The first is to fight right out. Supposing you do not succeed—and you cannot succeed for various reasons,—you have to fall back upon something else. What is that something else? That something else has been tried within recent times and therefore I can speak of it. Wiser people do not non-co-operate. People have tried non-co-operation here by sulking in their tents, but they failed, and their followers had to come back. They did not come to the first Council under the present rules; but they came to the next Council. Having come there, they thought that they had won and they began to jump about and talk much. There was a great deal of that kind of noise, but it was no good after all. Then, what was the next thing? Then they said, “We cannot do it; we shall passively resist” and they tried passive resistance. They soon found out that they could not do that even. They then asked, “What is to be done now?” They said, “We said civilly disobey”. That is the last thing they tried. Disobedience is disobedience, whether it is civil or polite, whether it is civil or criminal. Now, I shall bring out my idea. How have we won in this world, where have we lived and how have the Hindus preserved themselves for nearly 20,000 years in history? We tried both methods, not that we did not resist, nor that we did not non-co-operate, nor that we did not disobey; but eventually a proper way was found and that way has carried us through, and that way is you conquer by compliance. It is otherwise sometimes called—

THE HONOURABLE THE PRESIDENT: We are pressed for time. I therefore request the Honourable Member to confine himself to the White Paper.

THE HONOURABLE MR. G. S. KHAPARDE: Within fifteen minutes I promise to finish. Civil compliance is the other way and the last way; and we have always taken that as our method. In this hall where we stand, we know that the law of gravitation ought to bring the roof down; but it does not. Why? Because you turn difficulties into opportunities, and gravitation loses its force for a long time anyhow. Similarly, you come across a tough job as getting over a river, a big river, you cannot jump over it. You cannot build a bridge over it. Oftentimes the current is so strong that no boat could work, and yet you have got to get over; you swim along with the tide, then gradually curve round, avoid great currents and you safely go to the other side. That is the method that is to be adopted. We have tried all the other methods and they have failed as they deserve to fail and as I myself personally think. The other method which is successful is to conquer nature by obedience. When natural forces are too great and you cannot resist them you obey the forces and try to avoid them. The wisest course is not to present a frontal opposition, but to stand by and you find your way out of it. I therefore commend the middle course and the last course and perhaps the wisest course, because all the other courses have failed. Honourable Members perhaps remember the speech which I made about two years ago here when we had a distinguished galaxy of English statesmen, Indian statesmen, Indian aspirants and so on here and when I spoke about the Round Table Conference. I said then I did not understand the Round Table Conferences, because the English people were willing to give and we were willing to receive. Why was a mediator wanted? The giver gives and the receiver receives and there is an end of the matter. That portion of my speech was much criticised, and I was asked what did I mean? I shall tell you today what I meant then. It was this. It happens in the lives of everybody: it will happen in our lives too. You invite a vegetarian to come and dine with you. Then circumstances compel you to call also what we call—

THE HONOURABLE THE PRESIDENT: I am still waiting for the Honourable Member's observations on the White Paper.

THE HONOURABLE MR. G. S. KHAPARDE: I am speaking about that, Sir. I am going on with that. Eventually it will come out.

You first invite a vegetarian, then you are compelled to invite a person who is a meat-eater. Then you do not know what to do. In the *khichri* cooked for the vegetarians you put some meat, and then it boils down. Then it becomes too tough for the die-hard; it becomes too soft for the aspiring Indian. It is neither *khichri* nor *pulau*. Nobody will have anything to do with it. What can you do? This is what happened to this White Paper. You call conferences and they make some arrangement and there is a great deal of eloquence. Ultimately they hit upon something and then the princes went and they were strong meat-eaters. Then they went about doing something and this is the result. Now, it is acceptable to nobody at all, but after having taken so much trouble and after having spent so much money, it is not wise to throw it all away. So it is our duty now. It has come back to India for the purpose of being considered and boiled down and made acceptable to a certain extent to all. That is what is called the common denominator or the most acceptable medium or whatever big name may be given to it. I

recommend that under the present circumstances we had better accept it. I am perfectly aware of defects in the White Paper and Honourable Members have spoken very largely and very eloquently about them both yesterday and today. I am also aware of what can be said in its favour and that has also been spoken of here on the floor of this House. Now it is our duty to boil the whole thing together, taking the good with the bad and the tough with the soft and so on; somehow or other decide to go on with it till we can find a way out and then get back and have it all our own way. So the way which I recommend and which I ask my friends especially to accept is to take what is given with a good grace, to oppose it when opportunity offers—do not let go an opportunity that occurs—and eventually succeed. Succeed by what may be called compliance. Conquest by compliance is the rule and that is my formula for the present occasion. This is the old school of Mr. Lokmanya Tilak and is known as responsive co-operation. Co-operate with the Government so far as you possibly can and when they cannot comply with your wishes sit down for a moment, think, and again go on. Never sit silent; never sulk in your tents or carry out any of those fantastic ideas which never have succeeded and never shall succeed. My advice, therefore, to my friends here, if they have the kindness to think of it properly, is to accept this, bad as it is, to work again later on to improve it, later on to work again to improve it. Ultimately bring it down and never rest until it comes to what we want.

THE HONOURABLE NAWAB KHWAJA HABIBULLAH (Bengal : Nominated Non-Official) : Sir, in reading through the pages of the White Paper relating to safeguards and special powers, I for a moment believed that I was reading a chapter from the Old Testament,—the law as handed over by the Prophet Moses to his followers, the Children of Israel,—the famous Ten Commandments : Thou shall not do this, that and the other. I thought it was merely a repetition of the same formulas by our modern prophets. On further consideration, however, reading between the lines I believe I arrived at the right solution, namely, that His Majesty's Government honestly believe that the capacity of us Indians for self-government was narrow and limited. I must say we have given good reasons for that. Believe me, the way the Montagu-Chelmsford reforms failed in Bengal, Bombay and other provinces was an eye-opener. The way self-governing institutions like the Calcutta municipality has been run showed that the powers given had not been utilised in the proper way. What with mass civil disobedience by a large section of the people, the wave of anarchical crimes and political dacoities, communal disunity, depressed classes *versus* high caste Hindus, labour *versus* capital, how can one expect any measure of self-government unless we Indians show greater restraint and statesmanship and present a united front. We cannot blame the British statesmen or the Government of India. Through our not being able to settle our own affairs we have strengthened the hands of Mr. Churchill and his followers and the White Paper is the result. Sir, the White Paper falls short of the demands of all sections of the people. The White Paper itself is a negation of federation. British India cannot possibly federate with the Indian States unless both are equal partners and both have equal rights. For the privilege of joining us we are to give the Indian States through their nominees a block of 125 seats in the lower house and 100 seats in the upper house with equal rights as ourselves. How are we benefiting? We are not to discuss or interfere in their internal affairs. The only thing we can do, as far as I can see, is to realise a corporation tax from those Indian States who are willing to be federal members. British India cannot for a moment agree to be a party to an arrangement of this character.

[Nawab Khwaja Habibullah.]

Other speakers have dealt ably with matters relating to finance, the reserve bank, statutory Railway Board, etc. I shall confine myself to Muslim representation at the centre, Bengal, and the proposed upper chambers in the three provinces.

Sir, we have repeatedly demanded one-third of the total seats in the centre. But we regret to find that the British Government has acceded to one-third of British India representation. Bengal Mussalmans under the Prime Minister's Award have been dealt with unjustly, our majority has been turned into a minority for the sake of commercial interests. In the interests of justice and fair play we trust this will be remedied. Bengal Mussalmans have emphatically protested against the establishment of an upper chamber. Their reasons are two-fold ; first, the question of economy ; secondly, experience shows that upper chambers are of no use to the progress of democracy and the Muslims by faith and practice are essentially a democratic race. Lastly, speaking as a landlord, I feel the Government have treated their best friends very shabbily in the matter of representation. I trust they will reconsider and give the landlords their just rights. I beg in conclusion that His Majesty's Government will do the right thing towards the 350 million population of this country whose destiny lies in their hands and give them as great a measure of self-government as is practicable with safety.

THE HONOURABLE MR. G. A. NATESAN (Madras : Nominated Non-Official) : Sir, the Honourable the Leader of the House in placing the White Paper for consideration before us yesterday very rightly asked us to note the fact that the occasion was serious, the document was an important one, and that the discussion should be characterised by a considerable amount of serious and calm reflection. Since the publication of the White Paper, ten days have elapsed, and I have read very carefully the accounts of the proceedings of the various provincial Councils. And I have listened to the debate in our House yesterday and also this morning. I have read very carefully indeed the pronouncements of politicians of all descriptions, of merchants who have played an important part in the commerce of our country, of the members of the various Round Table Conferences, and particularly with attention the remarks made by those who took part in the last Round Table Conference. I have read also the criticisms in the various newspapers and I find even the *Times of India* feels dissatisfied and thinks that, though some of the safeguards appear formidable, some of them could be modified without detriment either to Great Britain or India. I think the Honourable Maharajadhiraja of Darbhanga, who spoke yesterday, hit the nail on the head when he said that after all this White Paper gave no hope either for those who claimed the status of independence as sponsored by Mahatma Gandhi or of dominion status as desired by moderates. The reasons, therefore, for the hostile reception given to the White Paper, which has been described in various ways in the Council, in the press and elsewhere—in some places as unacceptable, in others as reactionary, in a few places as retrograde and unsatisfactory, in some places where two or three or four adjectives have been used together—are not far to seek. Those who have any idea of the agitation in this country for self-government ought not to forget the fact that His Highness the Aga Khan was one of those who at the last Round Table Conference reminded people that the idea of dominion status was by no means new. Indeed he said :

“ In India already in the nineties men like Gokhale and Mehta and others with my humble self were speaking and writing on this subject ”.

It would be correct to say that political agitation in India for the last so many years has been based on this ambition and with this object in view, and it is because from time to time pro-consuls and reactionary Secretaries of State for India in England have made pronouncements or have been guilty of acts which have made the people believe that Great Britain was not serious in granting self-government to India, that political agitation took various forms. I believe in its worst form it was first seen in Bengal after the agitation for the partition of Bengal. It afterwards assumed different shapes, sometimes in the shape of *satyagraha*, and latterly in the shape of non-co-operation. The situation in India became so serious that Lord Irwin thought it his duty to warn His Majesty's Government that some sort of assurance to the people should be given and that actually a declaration of the policy of the British Government should once again be enunciated, and the result was the Declaration made on October, 31st, 1929, to the following effect :

"It is implicit in the Declaration of 1917 that the natural issue of India's constitutional progress as there contemplated, is the attainment of dominion status".

I may state at once that this announcement was received with great acclamation. Men of all parties and creeds welcomed it, and the result was that the first Round Table Conference, though congressmen did not participate in it was held under happy auspices. Princes and people vied with each other in pleading for an all-India federation leading on to dominion status. Sir Tej Bahadur Sapru, who took a leading part, in the course of a debate in the Federal Structure Committee which was presided over by Lord Sankey, very properly pointed out that the new scheme should ensure that the powers of the Secretary of State are restricted to Crown subjects and that the Council of India should disappear, and headed that the Governor General in future should be the head of the executive government in the same way as the Governor General in the dominions subject to certain changes necessitated by the period of transition. Such was the applause with which his remarks were greeted, men like Lord Reading and others gave them cheer, that Sir Tej Bahadur Sapru ventured to ask the Chairman to note that the real object of the Conference had been attained and to hold that the maximum amount of agreement regarding responsibility at the centre and the status of India as a dominion had been arrived at. A few days after this Conference, the present Premier, Mr. Ramsay MacDonald, said that Parliament :

"is fully aware of what India wants, determined to give to India everything that India can use well, every power, every responsibility, which will make the Indian feel that his destiny is in his own hands".

On their return from the first Round Table Conference, eminent leaders like the Right Honourable Srinivasa Sastri and Dr. Sapru issued a statement in which they said—I would ask the House to mark the words :

"The attainment by India of dominion status is no longer in dispute".

In view of all this, is it very difficult for you to understand why the contents of the White Paper are now subjected to such hostile criticism? It is because, in my opinion, it is at variance with the express promises and declarations made from time to time; it is at variance with the spirit of the announcement of 1917 implemented by the Declaration of 1929. I find this morning in Sir Samuel Hoare's speech, which is reported by Reuter, the statement that he speaks of "a new instalment of constitutional progress". What a fall from the ideal of dominion status to a new instalment of constitutional progress in this year of Grace! It is idle to conceal the fact that the change of

[Mr. G. A. Natesan.]

Government of England from Labour to Tory has had a great deal to do with the shaping of the contents of this White Paper, for it does not contain proposals leading to dominion status as the objective. You do not find any provision which will lead India automatically to dominion status. Any tyro in constitutional politics—indeed if you set a paper to any student in the B.A. or Intermediate Class and ask him what the chief items are which will constitute the elements of a self-governing country—he will tell you at once that defence should be under the control of the people, that the services should be subject to them, and that the powers of the legislature over the executive should be supreme, that it should have financial autonomy, or what, in familiar parlance, is known as control of the purse. Even a superficial examination will show that the scheme certainly cannot stand any of these tests.

Let us take defence first. Defence naturally takes the first place under this head, not merely on account of the huge sums that it involves, but also on account of

“its vital importance to national self-respect and to dominionhood which sums up the aspirations of India”.

For years, we have been agitating for the Indianization of the army, but there seems to be no prospect of speedy Indianization. His Excellency the Commander-in-Chief, who is present today, like a soldier frankly told us the other day in answer to a question that Indianization was an experiment whose success must be proved before anything else. Answering in another place to a question whether members of all classes and creeds will be allowed to enlist, the Army Secretary, again perhaps voicing the views of his Chief, said that they could not afford to have any other than the best material. Is it surprising then that the only statement in the White Paper upon the point is to the effect that :

“the Instrument of Instructions will also formally recognise the fact that the defence of India must, to an increasing extent, be the concern of the Indian people and not of the British Government alone”.

Mark the words “formally recognise”. Of what avail then is our cry about Indianization when we know that out of 3,000 officers only 155 are Indians and capitation and other charges are still wrung from us? There seems to be no hope at all. As the Honourable the Leader of the House said that our criticism should be constructive, I venture to say that, if Great Britain is sincere even in putting us on the road to a self-governing constitution, the Joint Committee must make the position clear, fix a time limit for Indianization of the army so that the ultimate transference of the defence of the country to the people of the country may be ensured.

From the problem of defence I pass on to the services. Much has been said about this yesterday. I will not deal at length with it, but I must point out that for the first time it is explicitly stated here, in spite of the recommendations of the Services Sub-Committee that the Secretary of State is to have complete control over the services. The appointment, pay, control, discipline and conditions of service of the Indian Civil Service and the Indian Police Service are in reality taken away from the central and provincial ministry and one cannot ignore the categorical statement in paragraph 71 of the Introduction to the White Paper that it is intended to safeguard these rights and to extend them to all persons appointed by the Secretary of State even after the commencement of the Constitution Act. We are told that after

five years there will be an enquiry—with what result we can guess—but the sting is in the proviso that, pending a decision on this enquiry, the present ratio of British to Indian recruitment will remain unaltered. This means practically—and I say it in all seriousness after a careful study of the provisions contained in paragraphs referring to this subject—that until the last man in the Indian Civil Service holding an appointment on the date of the passing of the Constitution Act has retired, the Indian Government cannot have real control over the services. I am not surprised that Sir Tej Bahadur Sapru, a leading Indian, who under considerable obloquy and calumny has been working for the success of the deliberations of the Round Table Conference has thought fit to declare, referring to the provisions relating to the reserved services, that

“ these are the ugliest and most reactionary and the most indefensible feature of the whole constitution and as constituting a very grave encroachment on self-government ”.

If this is the case with regard to the services, what happens to the other bigger service, the largest public service in the hands of the Government namely, the railways ?

“ The strangle-hold of the Secretary of State and of Parliament is preserved by means of a statutory Railway Board the terms of whose appointment and the mode of working is again the reverse of democracy ”.

And this is to be created by an Act of Parliament and not by an Act of the Indian Legislature. I would ask the Honourable the Leader of the House and the members of the present Government to note that the Indian public will never be satisfied unless the statutory Railway Board, if it is to be constituted, is constituted by an Act of the Indian Legislature.

Thus then the question of the effective control of the services and the insistence of a scheme of rapid Indianization of the army, leading on to the ultimate control of the defence of India, are of vital importance to us and should therefore in my opinion be the principal planks upon which the case for India should be fought before the Joint Committee. I confess I feel that there is not much hope. Lord Irwin, who is a friend of India, has thought fit to say at Leeds, evidently with a view to consoling his constituents that :

“ They (the services) would be under the statutory protection of Parliament and for many years be linchpins of Indian administration. Moreover, the British army would not be withdrawn from India and the Governor General would continue to exercise direct executive power ”.

Again, Sir Samuel Hoare in writing to his constituents at Chelsea has made remarks in consonance with the observations of Lord Irwin, both of whom are trying to placate the extremists in England. He said :

“ In India the army will remain under the sole control of the British Parliament, while the services will continue their invaluable work under the guarantee of parliamentary protection ”.

I pass on now to financial safeguards. Anyone who has gone through the White Paper will know that 80 per cent. of our revenue is to be treated as non-votable. As regards currency and exchange it will be no exaggeration to say that this is forbidden ground for ministers working under the new government. The development of India's resources is one of the gravest problems now confronting us. The problem of unemployment, the development of our resources, creating new industries to create livelihood

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for our people to make them contented and happy—this is the problem confronting us now and it will be the principal problem for the future. I ask in all seriousness, with only 20 per cent. of the revenues left for this work, with all these safeguards and restrictions, can you possibly do anything for improving the economic condition of the people and developing its economic resources? I hope some patriotic man will be found who will put this aspect of the case before the Joint Committee on our behalf.

Then again, with regard to commercial safeguards. The Irwin-Gandhi Pact stipulated that the safeguards should be demonstrably in the interests of India. Now, in the White Paper, the change is made quite evidently deliberately, that they should be in the interests of England and India. Now I wish to point out that there have been occasions in the past when the interests of India and England have been in conflict. There are occasions now, and such occasions will arise in the future, when the interests of the two countries conflict. I submit that if Britain is seriously anxious to rule India equitably under the theory of trusteeship—which by the way no one hears of nowadays even in the extremist campaign of the Churchills and others—there must be a provision that whenever the interests of India and England are in conflict the interests of India must be the supreme consideration.

As to the powers of the legislature, as has been pointed out by a discerning critic :

“ The Governor General and the governors are to enjoy the power of certification as hitherto, only the resulting laws will be distinguished on the Statute-book by being designated Governor General's Acts and Governors' Acts. The power of making ordinances for six months is continued. To obviate legal doubts that have arisen, it is to be expressly enacted that an ordinance is renewable for a second period of six months. This power could hitherto be exercised only by the Governor General. Hereafter it is exercisable by governors as well. The sum total of these safeguards and restrictions is so large that the scope of responsible government is unduly narrowed, the machinery of government becomes cumbersome and the people feel that they are not fully trusted ”.

I will not dwell, Sir, upon the various other provisions contained in the White Paper as most of them have been dealt with already.

I will say a word about the all-India federation and close my remarks. With regard to the all-India federation, the first condition is the starting of the reserve bank. The second condition is the preparation of the new and enlarged rolls and the third condition is the willingness of the princes to join the federation. Within how many years are these preliminaries to be finished? And mark you, in this connection, in the Irwin Committee's Report there was no condition that Parliament should ratify the scheme of federation through an address to His Majesty. We know sufficiently well the amount of turmoil and storm created in England at present, and we shall have a repetition of the same in the future. We should insist that the Joint Committee should assure India in consonance with the personal assurance given by Sir Samuel Hoare, the Secretary of State, in the third Round Table Conference when he said :

“ We do not intend to inaugurate any kind of provincial autonomy under conditions which might leave federation to follow on as a mere contingency in the future ”.

Lord Sankey very rightly observed :

“ Federation is founded on trust, not on fear, on compromise, not on selfishness ”.

The defects of the White Paper might be summed up in a brief paragraph of a manifesto issued by two distinguished leaders of my Party at Madras, the Right Honourable Srinivasa Sastri and Sir Sivaswamy Aiyar :

" We can only refer to the multitudinous and multifarious safeguards designed to keep the ministry and the legislatures under leading strings. The absence of any provision for giving any useful voice to the legislature in the matter of defence, the imposition of conditions for the establishment of federation, the absence of any limit to the period of waiting for the removal of the obstacles to federation, the requirement of an address from both houses of Parliament to the inauguration of the federal government, the absence of any indication of the termination of the period of transition and safeguards either automatically or conditionally and as to the time of attainment of dominion status or full responsible government, the absence of any power in the federal legislature to make any amendments even in the details of the constitution, the perpetuation of the India Council on a slightly altered basis, the refusal to transfer the control of the services to the Government of India and the prospect of permanent subventions of deficit provinces are not calculated to relieve the gloom in the political atmosphere ".

Sir, in one word, the gravest defect of the constitution outlined in the White Paper is that India is to be governed from Whitehall. It does not seem to trust even the future Indian Government ; it does not seem to trust the Indian Legislature ; it seems to have no faith in the capacity of the Indian people to govern themselves. It contains provisions to keep us long under tutelage. It is hedged in with multitudinous and multifarious safeguards. It would be no exaggeration to say that some safeguards seem to be designed to safeguard safeguards, and one is reminded in this connection of the observations of a great constitutional writer that responsible government cannot be combined with safeguards like this. Professor Keith in an article the other day has well pointed out that according to his reading of history,

" safeguards are in the end bound to prove dangerous and provocative ".

Speaking at the close of the third Round Table Conference Mr. Ramsay MacDonald said :

" I believe that we are going to hammer out a constitution under which India will not only be happy but will enjoy a sense self-respect ".

Can any one, conversant with the previous history of India or the history of its struggle and sufferings for the past so many years and the yearnings of the Indian nation to have its destiny in its own hands, say that the constitution as outlined in the White Paper is one calculated to fulfil its legitimate hopes and aspirations, or one which will improve the self-respect of India in the eyes of the world ? We are told that Sir Samuel Hoare is very sincere. I daresay he is. We are told that England means well by India, that they would give more to us but for the obstinacy of the die-hards, the Churchills, the O'Dwyers and others of the same kind. Surely the destinies of a great country like India with its great past should not be made the victim of party politics at home. The signs of the times are not at all happy. Princes and people have given expression to it. The discontent is deep. Pray, do not convert India into another Ireland. Take courage in both hands and do what is just to India. This is our appeal to the Joint Committee and we trust it has not been made in vain.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI

12 NOON.

(Madras : Non-Muhammadan) : Sir, the White Paper which is widely criticised is characterised by some as reactionary and by others as very disappointing. No political reform of any kind has given universal satisfaction in any country and though the

[Diwan Bahadur G. Narayanaswami Chetti.]

White Paper is not free from its defects, let us try to improve it and not reject it altogether. The Montford reforms when introduced came in for a great deal of criticism and one school of political thought, as has been rightly pointed out by the Honourable Mr. Khaparde, practically rejected them to the extent of boycotting councils and they too eventually had to revise their opinion later on and enter the councils. As a matter of fact Madras worked satisfactorily this much criticised and abused Montford reforms under the guidance of no less a person than our present Viceroy who was then the Governor of that province. Everyone who was competent to express an opinion on the reforms proclaimed that Madras was eminently fitted to enjoy immediate provincial autonomy. No doubt the Punjab also worked these reforms well, though some other provinces have not been so successful. Sir, the British Government are determined to give India full responsible self-government in order to redeem the pledges made by British statesmen from time to time and I am sure that the Joint Parliamentary Committee will be able to improve the structure outlined in the White Paper with such modifications as are needed.

Coming to one or two details of the proposals in the White Paper, I should take very strong objection to the indirect election to the upper house, that is, the Council of State, because only people belonging to one political party of the Council may have the chance of coming to the upper house without direct representation of the various interests. Therefore I hope the Joint Parliamentary Committee would see its way not to take away direct election and give the provincial legislatures that power ; it is very difficult for men of independent views to get in unless they follow the political views of a particular majority party in the legislature. There is another thing that I should like to make mention of, and this is the representation of Indian commerce and industry both in the provincial and central legislatures. I hope a few more seats will be given both in the federal Assembly and the provincial Councils to the representation of Indian commerce and industry and I hope, Sir, this matter will receive the careful consideration of the Joint Parliamentary Committee. I am sure that the structure outlined in the White Paper would be improved and full satisfaction given by the Committee before legislation is made by Parliament.

It is unnecessary for me to go into details. I find many of my colleagues have dwelt on some other aspects. In conclusion, I would only appeal to one and all to work up the future constitution successfully irrespective of the safeguards and I am sure, God willing, we shall reach full fledged dominion status at no distant date.

THE HONOURABLE SIR EDWARD BENTHALL (Bengal Chamber of Commerce): Sir, just as any person who had not gone very deeply into the White Paper might say that it contained nothing but safeguards, so anyone coming into the galleries of this House and listening to this debate might say that this House is all against the White Paper. When interests are so conflicting and the problem is so vast and complicated, it is not surprising that members of this House wish to pick holes in the constitutional proposals ; on the contrary what struck me most about this debate was the concentration of objection against so very few subjects ; and secondly, the absence of alternative suggestions. Clearest of all and most pleasant in my mind was the fact that I detected no desire to non-co-operate and a general willingness, subject to some alterations, to work the reforms. I cannot but take this as a

general acceptance of the scheme and a tribute to the wisdom of His Majesty's Government. Mr. Khaparde I think summed up the view of the House; if not in a nutshell, at least he summed it up.

The complaints against the scheme seem to me to divide themselves into four headings, that it does not give sufficient advance, that there is insufficient control of the services, that federation is too distant and that there are too many safeguards. The Honourable Mr. Mehrotra in opening the debate yesterday said that the proposals were retrograde—a word that we have often heard elsewhere, a convenient word for the opposition—but he gave no reasons at all for using that word. The Maharajadhiraja of Darbhanga was clearer. He said that these proposals are in fact democracy controlled by autocracy. I am sure he would admit, if he were here, that these proposals are an advance over the uncontrolled autocracy which has been India's portion since history began. The proposals are that democracy should normally predominate, but that in an emergency an autocracy should be empowered to take over, and that, Sir, is an example followed by nearly every constitution in the world.

The acid test for Indians is I think the extent to which power is transferred to this country. Of all the speakers who spoke yesterday and today, I think the Honourable Mr. Muhammad Din alone pointed out how great was the transfer of power. It is great. The Morley-Minto and the Montagu-Chelmsford reforms opened the door. The present reforms provide for complete self-government subject to efficient management. His Majesty's Government have over and over again said that safeguards are only to be operative when there is failure. I am surprised really that I for one have more faith than some of my colleagues in this House in the ability of Indians to manage this constitution. His Majesty's Government who are doing the giving can take no risks, but in the face of His Majesty's Government's assurance why do Indian speakers assume that ministers will sacrifice law and order and the financial credit of India and so necessitate the application of safeguards? There is scope in these measures for the national executive to build up in every field of the administration. The constitution is formed on a dominion model, though necessarily at this stage containing provisions which do not find place in dominion constitutions, and it is therefore a big step forward towards the attainment of Indian aspirations. It is not a retrograde movement—it cannot be described as a retrograde movement, and in spite of what Mr. Natesan says it represents an outstanding advance towards dominion status—so great an advance that many wise men are nervous, and justly nervous, of what it will bring forth.

Now, Sir, with regard to the services, in the past India has been a wonderfully efficient and loyal body. Minister after minister has testified to the loyalty with which the Indian Civil Service has served him in the transferred departments. The new constitution is inheriting a magnificent machine. Is there any reason to suppose that the services will be any different under the reforms, even though for five years they will be definitely recruited by the Secretary of State? I would remind the Opposition benches that when they themselves are sitting on the Treasury benches there will be no escape from the heavy responsibility which will rest on their shoulders. They will be taking over a terrific responsibility—for one-fifth of the human race. It is easy for an irresponsible opposition to treat this responsibility light-heartedly, but when they are on the Treasury benches, I fancy that they will require the backing of such vast administrative experience as is contained in the services, and as an instrument of their policy they will require a strong

[Sir Edward Benthall.]

and impartial executive just as much as the present Government. I would respectfully urge on them as they ride on their way to self-government not to swap horses in crossing the stream. I think in fact that the Muslim Conference, whose deliberations were reported yesterday, have put the thing well when they said that it is essential that the Government should have effective control over the services. I am sure myself that the control will be effective while giving the reassurance which the services so rightly desire and so richly deserve. The Honourable Mr. Sinha yesterday put forward many grievances, but if I heard him aright he agreed in the end that the services should be recruited by the Secretary of State for five years. I was surprised at that coming at the end of his speech when there were so many other grievances but I think I heard him aright. I think the Honourable Mr. Sinha was perfectly wise in this decision because at the end of five years we shall have the views of the responsible governments themselves, the views of the responsible ministers based on their experience of five years' working and I would venture a prophecy that at the end of five years it is quite on the cards that the responsible ministers will say that they have had extremely loyal service and that they desire no change.

Another of the complaints made is that federation is far off. My community, Sir, are often maligned for stressing the desirability of setting up the units of the federation before the federation itself. We have often been maligned for putting forward that view but I think that it is now generally accepted. The question is now not whether the provinces should be set up before federation but how long an interval or how short an interval there should be. In this respect I perhaps differ from some of my community. I believe that if we are going to have federation and responsibility, the sooner we have it the better—(Hear, hear)—provided that each step is wisely taken and each course of the building securely laid. I would remind this House that the European delegates in London supported the claim for simultaneous provision—not inauguration—provision for provincial autonomy and central responsibility. It is true that at other times we have pointed out the obstacles which prevent a simultaneous inauguration. Facts are very often inconvenient but we have never created obstacles to a simultaneous advance and we have always endeavoured to find a solution to the obstacles. I have no respect for people, whether in India or in England, who at the eleventh hour try to throw a brick into the machinery.

As I have listened to the speeches made by Members in this House I have not heard any concrete proposals of how federation is to be hastened. I have only heard in fact one clear demand, that a date should be fixed for the inauguration of federation. I maintain, Sir, that it is up to India to a large extent to compel that date by breaking down the obstacles themselves. What are the obstacles? First of all, there is the question of the entry of the princes into the federation. Is it British hands that are holding them back? Everyone knows that His Excellency the Viceroy is doing his utmost to bring them into the federation. I maintain that it is up to British India to persuade them into the federation or to produce some other device, such as nomination by the Crown to the unfilled seats. As to the complaint that they will be a nominated block, I have seen no signs, with a few notable exceptions, that they possess more statesmanship or cohesion than British India.

With regard to the Railway Board mentioned by several speakers, business interests have always pressed for the separation of railway administration from railway policy but they have never desired to take the question of policy from

the legislature. As a Member of this House I would object to that. But the provisions which we ask for concern administration only and speaking personally I would have no objection to this Legislature setting up the machinery for the administration of railway matters within the four walls of such provisions as are contained in the South African constitution with the necessary modifications.

With regard to finance, the Honourable Mr. Mehrotra pointed out that there were four provisions which had to be fulfilled before responsibility could be handed over. He said that these provisions cannot be fulfilled under the present financial policy. I would ask the House to take stock of what the Government of India have done quietly and without blowing their trumpet towards making the earlier fulfilment of these conditions possible. Take the first and the fourth of the provisions,—the provisions regarding the balancing of the budget and the export surplus. The first is, as this House is only too well aware from the recent debates, dependent upon the export of gold at the present moment. But I think this House would also agree that this country is better off than most other countries and will also agree that any improvement in world conditions will very rapidly show its effects in this country. We have at least something which other countries have not got—a balanced budget—and that is a great achievement. His Majesty's Government and the Government of India have done a great deal towards overcoming these two provisions but they cannot control world affairs. But if world affairs take a turn for the better, at any rate this House will agree that the Government of India have prepared the ground for doing away with this provision. Then as regards the funding of short-term debts, have not the Government already made enormous headway in this matter? And how, I would ask the Honourable Mr. Mehrotra, has Government policy —

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA: You do not know when world conditions will be better and so the federation will be postponed till that date.

THE HONOURABLE SIR EDWARD BENTHALL: I have said that His Majesty's Government and the Government of India cannot control world conditions but that they have at least prepared the ground for an advance.

And then as regards the question of the reserve bank with adequate reserves, the Honourable the Finance Member in his budget speech pointed out that in the last year or so the Government of India had made no less than £20 million sterling available for the currency reserves of Government and this policy will continue. I ask this House to look fairly on what the Government of India have done in this matter, to admit the progress which they have made and the honesty of their intention, and also to admit how much more would be possible with the help and encouragement of the legislature instead of their barren opposition.

In mentioning financial powers, I must take up one statement the Honourable Mr. Hossain Imam made yesterday. In referring to clauses 17 and 146 of the proposals he argued that the financial adviser would have power to raise loans. If Members of the House will turn to paragraph 146 it is clearly laid down that the federal Government will have power to borrow for any purpose of the federation. The federal Government in this matter means the federal finance minister advised, if he wishes it, by the financial adviser.

THE HONOURABLE MR. HOSSAIN IMAM: But the Egyptian experience tands in the way.

THE HONOURABLE SIR EDWARD BENTHALL : It does not necessarily follow, if the finance minister fulfils his duties in other ways, that the safeguards will be brought into operation.

I would ask this House in regard to these proposals to look at this question of reform from a business point of view and I hope they will forgive me if I quote a business simile. The old partner in the firm, moving with the times, has decided to meet the legitimate urge of the younger men, has expressed his willingness to take new partners into the business. He says to them : " I have run this show successfully for very many years, the firms' credit is high, the business has been running smoothly, and now I am going to give you your chance. You shall have full control and so long as you run things properly I promise you I shan't interfere. But I have a lot of money in this concern and a responsibility for many souls whose fate has been thrown within the orbit of the firm. I cannot allow things to go wrong. I am going to lend you my credit, to prop you up, my advice and help is freely available, you shall have the very best staff and if things go wrong, I reserve the right to resume control. Go ahead now and good luck to you."

THE HONOURABLE MR. G. A. NATESAN : But who keeps the cheque book in the meanwhile ?

THE HONOURABLE SIR EDWARD BENTHALL : It is left with the younger partners provided they use it properly. That, Sir, is the position. This is a business house, and the House will understand the simile. The House will agree, I think, that that is the way they would go about their own business and I appeal to them to give as fair an opportunity to the Government of India proposals as they would to their own affairs. For, that is what His Majesty's Government say in effect : " Will you come into a generous partnership ?" I would ask the House to look at it in this light and not to reject it lightly, because of some minor defect, but to look at the broad issue and meet His Majesty's Government's confidence with confidence in return, for if you go into this grudgingly and in a spirit of non-co-operation, it can only jeopardise beyond repair the future running of the whole business.

The Honourable Rai Bahadur Lala Jagdish Prasad said that very great stress was laid on the safeguards. I maintain, Sir, that the very nature of the White Paper necessitates great stress being laid on the safeguards. The White Paper gives to India freedom subject to proper management of affairs, and there is no need to define freedom or responsibility, no need to set out those powers, because those powers embrace everything, and that is why the safeguards, which are limited, loom large for the very fact that they are limited. The intention of His Majesty's Government is that the governors and Governor General shall reign and that the ministers shall govern, but if the ministers do not govern, then the governors and the Governor General will have to govern, for in an emergency you will all admit that somebody has got to govern. Every time a safeguard is exercised, it will mean that somebody has failed, and failed badly, because you can take it that safeguards will not be lightly used. I think myself that when ordinances are issued, they will more often be ordinances issued by the governor in council rather than ordinances issued by the governor himself.

Looking round the world today, every country in the world is crying for a powerful government and stability. The case of Italy and Russia I need not refer to. Great Britain, due to its inborn genius, has been able to set up

the safeguard of a national government. France's troubles are largely due to her unstable government, but her strength is due to her logic and her patriotism. In Japan, the army is ruling the government. In America, after an interregnum, the people are looking forward to a period of hope again. The House of Representatives and the Senate are willing to pass any legislation which a powerful executive may put before it ; hope has now arisen, and the principal reason why hope has arisen is that an irremovable executive has been set up for four years. President Roosevelt, together with Mussolini and Stalin are the three most powerful autocrats in the world today. In Germany we have recently seen an empowering Bill which enables the Government to rule for four years and to promulgate laws in defiance of the constitution, and this Bill was passed by the Reichstag by the majority of 441 votes to 94. Those 94 were communists. I would point out the moral of this, that while these nations are prepared to give powers into the hands of their governments for four years at a time, the ordinance powers are limited to six months. That points out how much more moderate our proposals are. It is clear then, that if the world agrees on the necessity of these autocratic reserve powers, there must be some justification for them. I would ask what this House can recommend as a substitute. Is the House really prepared to throw away the prop of British credit which has stood us so well in these difficult times and has brought our credit down to 4 per cent. ? And what substitute is there for many years to come to hold this country together in a crisis other than the Viceroy and the Governor General and all that he stands for ? In moments of great national crisis in Italy and Germany we have seen the black shirts and brown shirts, respectively, restoring order in their country. Would this House trust to the civic sense of, shall we say, a red shirt movement to restore the constitution in time of trouble ? I think not. The Honourable Mr. Hossain Imam has pleaded for unity on the part of the people of India in pushing forward the reforms. I heartily endorse that, and I can promise him European co-operation in these reforms. (Hear, hear.) But Sir, I would point out that the recent experience of many countries have proved the wisdom of the words of one of the old Anglo-Indian poets, which I will read out to you :

" Rough is the path of war and bloody the steps to a throne,
Sharpest the conflict of all when the bonds of a nation are broken,
When house is set against house and each man fights for his own ".

At this juncture, at this critical moment in the history of India, I would ask you to face facts squarely. There is no substitute for the Governor General's safeguards and if safeguards are necessary, it is essential that they should be effective.

THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT (Bombay : Non-Muhammadan) : Sir, we are here today to give our verdict on one of the most momentous documents ever produced by His Majesty's Government concerning the future constitution of this country. As elected representatives of this nation we are expected to give our verdict after a most careful and impartial study of the merits and demerits contained in the White Paper under discussion today. I am not one of those who wish to summarily dismiss that historic document. I would like to discuss it especially because it is the outcome of the labours of the Great Parliamentarians who have had the zealous co-operation of many Indian politicians. No one here or elsewhere can say that Indian leaders who joined the Round Table Conference at the risk of their popularity were not men of intellect or national spirit. I admit, Sir, that the proposals contained in the White Paper fall short of what the Indian

[Sardar Shri Jagannath Maharaj Pandit.]

intelligentia expected after all the sacrifices it had made. We still hope that His Majesty's Government will take into consideration the various statements issued by the leading politicians and personalities of India and modify the proposals to a considerable extent when they go up before the Joint Parliamentary Committee so that it may satisfy the wishes of those who are eager to work the coming constitution.

While dealing with the proposals, let me refer to the question of federation mentioned on page 31 of the White Paper. In paragraph 4 certain conditions precedent to the establishment of the federation have been laid down. We find that the Proclamation would be issued only when a joint address of both the Houses of Parliament is presented to His Majesty. So far it is satisfactory because these conditions may be fulfilled at any time when the Prime Minister and the Cabinet, backed by the parties in power, so desire. But, Sir, we feel it absolutely essential that there should be a definite time fixed to issue the proclamation, and we also feel that such provision should be made in the coming constitution as would avoid the need of referring the matter again to Parliament as was done in the case of the colonies. Further, it is not convincing how it would be possible to bring the federation into existence at an early date when such conditions like the one referred to above and the need to have joint parliamentary address, etc., are kept as essential factors for the inauguration of the federation.

Now, Sir, I will invite the attention of the House to another point of importance relating to the proposals regarding the public services. We find that the imperial services are to be under the direct control of the Secretary of State and in Appendix VII a number of safeguards are provided for those in the imperial services. All this indicates that there is an utter lack of trust in the Indian public servants, ministers, heads of administrations and legislatures who are to be guided by those who are 6,000 miles away from the scene of action. The same is more or less true of the provincial and imperial service people. We do realise the great need to give public servants all securities and safeguards so that they may work efficiently and honestly. But those are safeguards which *we wish to give* for their labour so that they may be responsible to us and to our immediate governments. Here I do not wish to discuss about the Enquiry Committee to be formed five years after the new constitution comes into force. I would end this point by saying that half the number of the proposed committee should contain Indian ministers and that its conclusions should be binding upon the Government of His Majesty.

Then, Sir, without dealing with the undue reservations and safeguards provided to certain commercial classes, I would like to take up the question of representation of the landholders in the provincial and federal legislatures. I, being a landlord myself, am particularly and naturally much interested in their representation. When I scanned the page containing the representation of the landholders in the legislatures as recommended in the White Paper, I found two distinctive features. In all the provinces, the number of representatives of the landholders class has been maintained as under the Montford reforms of 1919, whereas the total number of seats in all the provincial councils and in the central legislature have nearly been doubled. In other words, the representation of the landholders has been greatly reduced on the basis of their not having proportionate representation in the ratio of the increased seats allotted to other constituencies. Taking for example the proposed total representation for the provincial legislature of the Bombay

presidency and the representation of the Bombay landholders given for the federal legislature the position is that, at present, the landholders of Bombay have two seats in the Legislative Council, one for the Gujarat landholders belonging to the northern division, and the other for the landholders of the central and the southern divisions together. The latter seat is contested amongst the central and the southern landholders with the result that the representative of the central division always succeeds in the election as the number of landholders in that division is greater than that in the southern division. In order to remove the grievances of the southern division landholders, we suggested to the Simon Commission that two seats be given for the central division landholders and one for the southern division. As far as I am aware our proposal was strongly backed up by the Bombay Government but to no purpose. As regards the landholders' representation from the Bombay presidency in the Assembly, at present there is only one seat, which goes by rotation between Sind and the presidency proper. We made a very modest demand for only three seats for the presidency proper, but I regret that no notice has been taken of it. I would urge here that in the Council of State at least one seat be set apart for the representation of the Bombay landholders. In this connection I may state that the landholders are the backbone of the British Government, and if they are not supported the Government would be weakening their own position and power. It may not be out of place to mention here that the landholders as a class, all over India, may legitimately claim that the proportion of their representation in the legislatures be maintained in accordance with the increased number of seats.

Sir, it is often argued that there is no necessity of special representation to the landholders, sardars and jahagirdars in the councils, when they can very well be elected through the general constituency. I really wonder at the mentality of those who say so. The point worth considering most is that in the general election unless a landlord, inamdar, or sardar, champions the cause of and goes under the ticket of some party, such as communal, liberal, nationalist, congress, etc., then only is there a chance of his success otherwise not. Communal representation is altogether different from class representation. Adequate representation to the special interest would always serve as a restraining influence on the Council and will ultimately serve the purpose of a second chamber. The presence of this class in adequate numbers will serve as a healthy check on hasty and ill-considered legislation. These representatives having a very large stake in the country will always be persons of balanced views and their voting will be guided by reason and sense of responsibility.

*In conclusion, Sir, I would say that though the proposals contained in the White Paper in some way paves the way for the progress of the country, they need to be considerably modified so that some of us who are anxious to work the new constitution may find our way smooth and have less opposition from Indian public opinion.

THE HONOURABLE MR. BIJAY KUMAR BASU (Bengal : Nominated Non-Official) : Sir, from the discussion that we had in this House yesterday and today, I find that the proposals for constitutional reform as contained in the White Paper have been almost taken as sacrosanct and criticised from that point of view. The framers of the White Paper themselves, if I may say so, did not arrogate to themselves that position for the White Paper for the following will be found in paragraph 3 of the Introduction :

"Nor must it be assumed that the present proposals are in all respects so complete and final that a Bill would contain nothing which is not covered by this White Paper."

[Mr. Bijay Kumar Basu.]

I would therefore ask my friends in this House and through them the outside public to try to improve on the White Paper, and not to destroy it not to play into the hands of the enemies of our aspirations. Put forward your constructive criticisms through public bodies, so that they may reap the Joint Select Committee in England, and through your representatives in the Joint Select Committee push forward your claims for changing what you think should be changed. The White Paper, I hold, is an admission by the British that government without consent is no longer a practicable polity in India. Sir, I say to my countrymen, "Take advantage of that position and go on hammering away till you can get real dominion status or self-government for which we are all hankering." The proposals may yet be changed in the Joint Select Committee. Then why should we give up hope. Accept the White Paper as a basis for discussion and present a solid united front and our goal, I daresay, will be achieved—the best that Indo-British co-operation and enterprise may achieve.

We have today from the representative of the European community in this House, Sir Edward Benthall, the hand of friendship which he extended, the hand of co-operation which he gave to us, saying that he and his community would support the idea of unity and I am perfectly sure that if we Indians can present a united front along with our friends, the Europeans, the results that we want to achieve would be achieved at no distant future. It has been, Sir, the opinion of the die-hard Tories in England that the White Paper has not been a deed of partnership but an instrument of abdication. The extremist opinion on the other hand here in India has been that the White Paper has been hopelessly unsatisfactory, retrograde, and even worse than the present constitution. Now, are we going to accept either of these views; either of the die-hard Tories in England, or our extremist friends out here? I, for one, would not take either of them. For the smooth working of the constitution, whatever the constitution may be, in a country like India where there are diverse interests and much more diverse communities, good will is absolutely essential and I think that that good will should come from both Britishers and Indians. The opinion of the British people who are sympathetic to our aspirations about the White Paper is that the White Paper represents the utmost that a large section of the British think can safely be given, and an irreconcilable attitude on our part will be to play into the hands of those who think that the British have given too much. Mutual trust, I say, is absolutely necessary to work a constitution based on the lines suggested by the White Paper, and most of the averse criticisms, I make bold to say, is based on distrust of the British resulting in the idea that all the safeguards that are contained in this White Paper and the special powers would be daily used by the Governor General or the Governor if not for any other purpose but merely to spite our aspirations. Safeguards may have to be used in the beginning oftener than it may be expected. Afterwards, when we have healthy co-operation and mutual trust, I am sure these safeguards will automatically vanish. The list of safeguards in the White Paper is certainly a formidable list, but I am confident the formidableness of this list will vanish if there is good will, trust and confidence on both sides. If there be a genuine desire and an honest desire to work the constitution, safeguards will never be required to be put into operation. Repeated and recurrent use of safeguards in every-day working will be an assumption of failure which the British Government will certainly try to avoid both for our sake as well as for theirs. Yesterday my Honourable friend Mr. Sinha mentioned about the certification of a grant which was refused by the Bengal Legislative Council for renovation

of Government House carpets and that grant was restored by certification on the ground that the refusal of the grant was a great menace to the peace of the province. That is what the Honourable Mr. Sinha said and I ask how ridiculous will the particular governor or Governor General look if he has to certify things like that time after time when such grants are refused? They cannot go on using the safeguards every day.

THE HONOURABLE SHAIKH MUSHIR HOSAIN KIDWAI: Why?

THE HONOURABLE MR. BIJAY KUMAR BASU: Safeguards from their very nature will have to vanish if there is good will, trust and mutual confidence.

Sir, I do not wish to cover the grounds that have been already covered in this House by the other speakers. I do not want to enter into details. There is one thing which strikes me—the dual nature of the composition of the federal legislature, namely, the states and the provinces. The peculiar position in this country is that we have to federate between two classes of people who have very little in common between them. The states are considered to be sovereign entities and the provinces are British Indian provinces under the British Crown. The princes want to come into the federation on their own terms. They want more representation in both Houses of the federal legislature than they really are entitled to. As it is, in the White Paper they have been given one-third of the number of seats in the lower house and more than a third in the upper house, and considering that obstacles are being placed on the completion of the system of federation by the princes at the present moment, I would have suggested that along with provincial autonomy granted immediately under the White Paper the federation of the provinces alone without the princes may take effect simultaneously. I feel, Sir, that responsibility at the centre should not be delayed one day longer than may be absolutely necessary. Of course if the princes have to come in, and if they are prepared to come in, it will take time, but I appeal to the British Government as well as to the Government of India not to delay the introduction of central responsibility a day longer than is absolutely necessary after the inauguration of provincial autonomy.

Sir, there is one point which I would like to refer and which has been referred to by the representatives of Bengal in this House, that is, about the second chamber in Bengal. Owing to the peculiar circumstances of the province, I think the second chamber is a necessity. It has been said that it would be expensive and that a province like Bengal would not be able to afford a second chamber. I think, Sir, the necessity of a second chamber is such that even if we have to put our best efforts to find the money and to economise in all other respects, I, for one, would support the proposal for the second chamber. But, Sir, in the proposals of the White Paper I find that in that second chamber there is the incubus of communalism. I would appeal to the members of the Joint Select Committee to have that incubus removed from at least the second chamber of Bengal.

On the whole, Sir, this White Paper has been denounced in this House as well as outside and I share their views to this extent that it is an unsatisfying document, but even an indifferent thing may be so worked as to yield good results; but the manner in which the reforms have been worked in the past can hold out no big hope, except that as Sir Edward Benthall puts it, that from the remarks in this House, it is apparent that there is a sincere desire to work the reforms with amendments here and there. And if that spirit is preserved, I have no doubt that in future the reforms as envisaged by the White Paper

[Mr. Bijay Kumar Basu.]

with such further amendments as may be necessary by the Joint Select Committee would be accepted by everybody in this country and worked for the good, both of Great Britain and India.

THE HONOURABLE RAJA CHARANJIT SINGH (Punjab : Nominated Non-Official) : Sir, the White Paper for which India has been waiting for a long time is now before the country. It raises issues of the greatest importance and contemplates changes which are of a far-reaching character and of unparalleled magnitude. The Government said in the very beginning that they would accept any proposals which had the largest measure of agreement. I submit, Sir, that they have sincerely kept their word not only in the spirit but also in the letter. Although some have expressed dissatisfaction about details yet none has challenged, either in this House or outside, that it does not represent what was found to have the largest measure of agreement at the three Round Table Conferences. If it has not achieved more the responsibility lies on the shoulders of those who either for provincial limitations or communal prejudices failed to come to an agreement. Although the idea of self-government has been before the country for a long time yet no practical alternative has been produced so far. Every effort in that direction has been shattered on the rock of disunity. However, it is not too late even now because the picture is by no means complete, and before the Bill is drafted, final touches are to be given to it at the Joint Committee stage. Our efforts should therefore be concentrated on the importance of unity and of sending to the Joint Committee only those who look at the problem from an all-India point of view. Any one who reads the proceedings of the last Round Table Conference cannot fail to appreciate the remarkable sincerity and good will towards India or Sir Samuel Hoare and the great help which Lords Reading and Irwin have given. It is also fortunate that in His Excellency Lord Willingdon we have got a Viceroy whose sympathies with our aspirations are well known.

THE HONOURABLE KHAN BAHADUR DR. SIR NASARVANJI CHOKSY (Bombay : Nominated Non-Official) : Sir, I do not propose to discuss the attacks made upon the White Paper. The Honourable Sir Edward Benthall and the Honourable Mr. Basu having anticipated several of my arguments with regard to the safeguards provided in it, I would only add one word. And that is, that no Governor General or governor who knowing and realising his grave responsibilities to the full, would, for the sake of harassing or intimidating his council or cabinet exercise these powers—calculated to make government impossible. Emergencies may arise : he may have to take action but certainly not to hamper the even tenor of their legitimate duties. These extraordinary powers have been characterised as shackles and fetters. They are neither. They are emergency brakes or checks in order to prevent dislocation of functions and to guard against chaos. They are for the safety of good government.

So far as Indian questions are concerned, it has hitherto been the boast of all parties in the Parliament that they are free from party politics. Unfortunately, however, at the present juncture party politics have entered the field to mar the prospects of constitutional progress. The Governor General's powers are no doubt very extensive, but the circumstances are extraordinary. I would put it to the Honourable Members whether it is not the fact that to some extent India herself is responsible for the conferment of these rigorous powers. We know but too well what the conditions of the

country are. I do not desire to recapitulate them as I fully described them in my maiden speech during the last session. The conflict and diversity of interests are so great that there must be a master hand to keep everything in smooth working order lest the machinery of good government break down. I base my support to the White Paper,—it may be a qualified support, if I may say so, upon the basis of provincial autonomy. For, it is upon the day to day administration of the provinces that the happiness of the people lies. We are going to create eleven autonomous states in which the councils are elected by the people upon the basis of a liberal franchise. The ministry is derived from the council. There is no separation of transferred and reserved subjects. No nominations and no official block and the officials are not eligible for election. The government thus practically is to be vested in the hands of the council. It is thus Indians themselves will have the responsibility to make or mar these autonomous states. Extensive powers are theirs. It is possible that difficulties may arise but they would be encountered. It has been said that in the present system of dyarchy there exist subtle differences :—that heads of departments or secretaries have access to the governor and are able to over-ride the decisions of the ministers. Whether such is a fact or not I am not in a position to vouch. Certain it is that when rules and regulations come to be framed, it is to be hoped ministers would be endowed with full powers to control their departments. Central responsibility is of course likely to follow as soon as the creation of federation is settled.

With regard to the services, Sir, I put it to the Honourable Member whether, considering the fact that these services are Indian, that they work in India under the control of the Governor General in Council, whether the time has not arrived when the control of the Secretary of State for India may not be relaxed. The Governor General is endowed with vast powers. Is he not then competent to discharge the powers of recruiting his own services through the Public Services Commission or in other ways? And whether he will be less solicitous or less jealous to secure and preserve their prerogatives and privileges than the Secretary of State for India.

Sir, considerable advance has been made with regard to these services and Indianizing. There exists however most unfortunately one service that has become the shuttlecock between Great Britain and India, and that is the Indian Medical Service. Whenever any Secretary of State, like Lord Morley or Mr. Montagu, attempted any modifications and improvements, up came the British Medical Association to frighten them with grave consequences. This body has always been hostile to Indian aspirations; it has been successful in defying the War Office and the Admiralty through a boycott among the medical profession in England against these departments. It is not a disinterested body. It bears no love for India, nor to the Indian profession, nor even to the Indian officers of the Indian Medical Service. Its interests are solely confined to the European section. So long as the Secretary of State consults that body I despair of securing any benefit to the Indian profession. Look at the terms of recruitment at present. The Secretary of State nominates candidates and they are sent out on a six years' or a twelve years' contract during which they have all the privileges of permanent officers. At the expiration of their terms they are entitled, if they like to elect to serve in the permanent cadre or return to their country with free passages and gratuities of £1,000 and £2,500 according to the length of the contract. India, Sir, cannot afford this luxury. I do not see why competitive examinations should not at once be instituted and the best men selected here. If the Lee

[Khan Bahadur Dr. Sir Nasarvanji Choksy.]

Commission's quota has still to be adhered to—two Europeans to one Indian—let it stand. There is proportionate recruitment for the Indian Civil Service and other services then what bars the Indian Medical Service as well?

Sir, with regard to the Council of the Secretary of State for India which will still exist, though not in name, it has been proposed that he should have at least three advisers and not more than six. It again becomes a top-heavy body. I would suggest only four, two of whom should be Indians with previous Cabinet experience and two Europeans with ten years' service under the Crown in India, immediately prior to their appointment.

Then, Sir, I come to discriminatory legislation and it is a very big item in the reform proposals. If the Honourable Members will refer to page 59 and paragraph 123 they will find that equal privileges are accorded to both the countries allowing their subjects to reside, to trade and to carry on commercial or professional activities. There occur, however, four lines in small type which I will read out, Sir, with your permission :

"A question which will require separate consideration arises with regard to the registration in India of medical practitioners registered in the United Kingdom. A Bill which has an important bearing on this question is at present under consideration in the India Legislature".

I am afraid, Sir, the writer of this paragraph has made a serious slip. There is no question of British medical men coming and practising in India. This right is admitted in the Bill now under consideration by the Assembly. It does not arise anywhere. But suppose for instance the General Medical Council says that a man from Liberia or Timbuctoo whom they have registered, should *ad hoc* be registered in India. This country should resent against domination without adequate information. The question therefore is not that there is to be any discrimination against Britishers. It is the other way about as there has been discrimination against Indians for the last three years.

THE HONOURABLE SIR EDWARD BENTHALL: You would not deny the right of British medical practitioners to serve in this country?

THE HONOURABLE KHAN BAHADUR DR. SIR NASARVANJI CHOKSY: Certainly not. They are welcome. Amongst the members of the Indian Medical Service I have some dear friends with whom I have closely associated for years and have worked in various researches. I am not opposed to them in any way but I must say that if there is to be reciprocity it should be equal reciprocity on both sides. What we want is a fair deal.

With regard to the Public Services Commission, Sir, there was an interesting discussion in London the other day when Sir Ross Barker, who was the Chairman of the Commission in India, and also Sir Philip Hartog, a Member, said that the Public Service Commission was a most impartial body and that no distinction was made between a Hindu, a Christian, an Anglo-Indian or a Sikh, and that those who could have listened to their deliberations from outside could not have been able to make out whom they were discussing. Sir Ross Barker said that advance in the way suggested was necessary but the great difficulty was with regard to the personnel of the Public Service Commission in the provinces. One remark he made is very apposite and deserves serious notice at our hands. He said that :

"a good Public Service Commission may become a powerful instrument for good, but the experience of other countries shows that a bad Commission may become a peculiarly noisome example of the whited sepulchre".

These are the views of a man who has worked and who knows thoroughly what he is speaking about. He has adverted to one point, namely, that certain rules were framed by the Secretary of State, but they were not put into force. Sir Ross Barker contended against the practice and drew upon his experience as a Parliamentary draftsman. He said that he had never known an Act of Parliament creating a control which it did not intend to be exercised. Here, it seems he was prevented from exercising that control with regard to the services. Sir Philip Hartog referred to another point that the Government kept its recommendations and decisions secret and that the Commission would have a far easier time if it had the power to make them public.

Sir, although I never had the privilege of sitting at the feet of Dadabhai Naoroji, I have had many opportunities of listening to Sir Phirozeshah Mehta, both vehement critics of Government but who withal had full faith and confidence in British honesty, integrity and fair play. They never wavered in their faith that Britain would implement the promises she had made. I am of that faith, humble as I may be. It is true that the Mother of Parliaments is slow, very slow, cautious, too cautious. But, Sir, is it not better to be cautious than take a leap in the dark? The destiny of India rests in the hands of the sons of India. We want men of intellect; we want men of brains; we want men who would place the country above themselves, and who would work with a singleness of purpose with fair play, honesty, good will and justice to all. Then and then only would India be able to hold her own at no distant date. If we are true to ourselves, we shall be true to India as well.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated: Indian Christians): Sir, a careful study of the proposals leaves the impression on one's mind that the responsibility as adumbrated here is only in name. Safeguards there must be in the beginning, but the safeguards must not be iron-bound safeguards which cannot be got over. So far as India is concerned, I could confine my attention to two safeguards. First is the question of the military expenditure. We do want a strong military force for purposes of defence, for purposes of keeping the internal peace and so on, but the question is, how much can we afford? If the amount to be spent on the military charges or on defence is prescribed now, I think we shall be in a safe position, for my own impression is that India has been taxed to its utmost limit, and any further expansion of taxation is not likely to take place in the near future unless the world conditions change for the better. So far as the expenditure, therefore, is concerned, there must be some limit to it; otherwise, as the proposals show, the military expenditure would not come under the vote of the House, and the amount would be determined by the army council or by the army adviser, and whatever he considers necessary will have to be met. As regards the services, there must also be a limit to the recruitment by the Secretary of State. So far as the Indian Civil Service is concerned, I could bear testimony to the excellent work that they have done in the past and they are doing now. We do want the Indian Civil Service for many years to come and I may note here that it is a pity that the statutory one-third has been taken away from the strength of the High Court. I hope that even though the statutory one-third is taken away, many members of the service will be appointed to the High Court and that they will give the benefit of their experience to the Court. But what I do say is that every service should not be put on a par with the Indian Civil Service. The Secretary of State is given a free hand to appoint any number of persons, to recruit for any number of services, and to pay them whatever he thinks proper. Sir, that would be a very heavy burden

[Sir David Devadoss.]

upon India. As I say, let the Indian Civil Service by all means be allowed to retain its present privileges and let the future entrants also have these privileges, but no other service should have the same privileges and the same scales of pay and other advantages which the Indian Civil Service now enjoys.

There is one other subject which also requires consideration. Sir, we have sunk a lot of money in the railways. The railway administration is a very important one. The idea of appointing a board which is not to be subject to the Indian Government is certainly not in the interests either of India or of the railway administration. There ought to be a board which would be above the influence of politicians and which would not in any way be subject to the whims and fancies of people who seek to sway the feelings of the masses at the time. But the board should be one which is appointed in India—I do not mean merely Indians; Europeans and Indians as well—but it must be subject to the control of His Excellency the Viceroy and the Government of India. It should not be a board above the Government of India. If it is to be appointed by the Secretary of State, whatever might be its merits, the smooth working of the railway administration will be a very difficult one. For, in order to infuse confidence into the people, it must be one which is appointed by the Indian Government and which is subject to the control of the Indian Government. The appointing of a board in England by the Secretary of State means that he has no confidence in the people here. Sir, trust always begets trust. If you repose confidence in one, he naturally reciprocates that feeling. But if you start with a sense of distrust, then distrust itself begets distrust. Some Honourable Members have said here, "Trust the British Parliament; trust the British people". The same thing may be said the other way about. Therefore, let us work together by trusting one another. Whatever may be the defects of the proposals before us, they are not final; they are tentative proposals to be placed before the Joint Parliamentary Committee. Let us not regard them as the final constitution, but in placing these proposals before the Committee let us both trust one another. Let the British people trust the Indian people and let the Indian people trust the British people that things will come right. Sir, I would ask one and all to support the proposals and try to amend them, not to end them. If we go about it in the right way and point out the defects, I am sure the Parliamentary Committee, which is likely to be a very fair one, will take a fair view of things and will frame a constitution in such a way as to enable us to realize the aspirations which every patriotic Indian has.

THE HONOURABLE MAJOR MAWAB SIR MAHOMED AKBAR KHAN (North-West Frontier Province : Nominated Non-Official) : Sir, the publication of the long-awaited White Paper on Indian constitutional reform has so much engaged the attention of public opinion that one does not find any other question in the country now raised in the papers except the publication of opinions of various bodies, political, religious, commercial, industrial and all institutions worth the name, individually or collectively, since it was published on the 18th March. There has also been an expression of opinion on it by several round tablers, Indians as well as Englishmen, who all through the meetings of the three Round Table Conferences have tried their best to frame a self-governing constitution for India. The proposals embodied in the White Paper have also been made the subject of debate in the various provincial councils in this country. A common factor which one notices in the press

reports is these expressions of opinion on the White Paper by politically-minded persons in the legislatures and outside of them is the regrettable description of the proposals as unsatisfactory to each and every class, community and political body in this country. It has been so described in the Madras Council on the 23rd instant and in the Bombay Council on the 24th. It has been recorded as a blank cheque in my local Council of the North-West Frontier Province as reported on the 24th March. It has not proved satisfactory even to Sir Tej Bahadur Sapru and Mr. Jayakar, although they advise us to approach it from a political point of view. In short, the crux of the question is that no one is pleased with it, as he does not find it according to his expectations.

THE HONOURABLE THE PRESIDENT : If the speech of the Honourable Member is a long one and is written, I am prepared to regard it as delivered in order to save time. As all these speeches will have to go to His Majesty's Government, I am prepared to take it as delivered in order to save time. But this will not be regarded as a precedent. This is a special occasion when I am anxious to give all Honourable Members every possible opportunity of expressing their views. In the case of written speeches at this stage of the debate I am of the opinion to which I have just given expression. I will take your speech as delivered and it will be reported in full.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN : Well, Sir, I have no objection to your ruling, but it is no fault of mine. Since yesterday I have got up at least 300 times and if I did not catch the eye of the Chair, it is no fault of mine.

THE HONOURABLE THE PRESIDENT : I did not say it was any fault of yours. I will regard it as delivered.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN : But I want to put forward a few suggestions from the Muslim point of view. I will not say anything more about other points which have been raised.

THE HONOURABLE THE PRESIDENT : You can make those as briefly as possible.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN : One of the things I want to suggest is direct election to the Council of State. I think my Honourable friend Mr. Muhammad Din said that by indirect election the people who are returned to this Council will be representatives of territories and not of the people. I would also add that in the local councils there are so many parties and people returned by them will be representatives of parties and not representatives of the people in the true sense. That was one point which I wished to make with regard to election for the Council of State. Further, I wanted to say something about the inadequate representation given to zemindars, but that will come in as you say that the speech is to be taken as read.

A third point I wished to make relates to the states. As you know, Sir, Indian States' subjects have been given the privilege of competing for the Indian Civil Service, the Indian Medical Service and for commissions in the army. I want the same privileges to be extended to British Indian subjects in the states. There should be reciprocity in the matter between the Indian States and British India. If facilities are extended to them I want the same

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facilities for British Indian subjects in the Indian States. Secondly, Sir, I want that full religious liberty and the secular laws enjoyed by the followers of different religions in British India should be enjoyed in all the Indian States by the subjects of such states, whether Muslims, Hindus, Christians, Parsis or any other sect. This is what I wanted to bring out, Sir. For the rest, as has been said, I will hand over my speech.

THE HONOURABLE THE PRESIDENT : Thank you. Your whole speech will be reported.

(The portion of the Honourable Member's speech which was not delivered is reproduced below.)

No doubt that it does not please anybody in the country, but, Sir, there has never been a time in the history of the world ever since its existence when the entire population of a single country, not to say of the whole world, has been of one opinion about a thing. It is the usual practice with every nation of the world, however civilised it may be, that there is some difference of opinion on everything good or bad. No nation in the world, whether past or present, has so far arrived at a unanimous conclusion about anything, whether political, religious, social, economical or anything else. Differences of opinion there has been and is to be in future also so long as there is brain in man. There have been dissenters to every proposal or reform in the world but it does not mean that these proposals or reforms have been wholly unacceptable. Similar is the case with the proposals of reforms as embodied in the White Paper. Although there is a great hue and cry throughout the length and breadth of the country, about its unsatisfactory character (for so it can be surmised from the press reports) it does not mean that the proposals contained therein are wholly unacceptable. Deficiencies there have been in every scheme, however wise and well thought upon, and so it must be the case with the proposals embodied in the White Paper, but as those deficiencies have always been open to modifications, the deficiencies in the White Paper can also be set right provided these are duly brought to the notice of its composers.

From the Muslim point of view, Sir, the White Paper as composed at present stands in need of the following modifications :

1. (1) Election to the upper house of the federal legislature, i.e., the Council of State, should be by direct method and on the basis of separate electorates for the Muslims.

(2) Election of members for the Council of State by means of the single transferable vote of the members of the provincial legislatures is feared will result in gross injustice to several aspirants for this Honourable House. It is just possible that a deserving person may not have the chance to be elected for this House owing to party feelings in the provincial legislatures. In that case it is the interest of the people, not the defeated candidate, that is going to suffer. Besides this there are so many heterogeneous elements in the councils that a nominee of them cannot be called the true representative of the people. Since the representation of the interests of the people is more important than the whims of the parties in the provincial legislatures, it is most essential that election for the Council of State should be by the direct method, so that the people themselves might have an opportunity to send their own representatives who will be responsible to his constituents and not a nominee of the council who will be responsible to nobody.

It is further desired that the Muslim representation should be on the basis of separate electorates, so as to ensure their due proportion of representation according to their number. In any case it should not be less than one-third of the whole House.

2. (1) So far as I understand Muslim representation in both houses of the federal legislature has been consented to by the Government of His Majesty at the proportion of one-third of its entire number on the Joint Memorandum of the Muslim Delegation to the third Round Table Conference but it is regretted that there seems to be no mention to this effect in the White Paper. It should, therefore, be so modified as to fix the Muslim quota of representation in both the houses at one-third of their entire numbers. It can be effected either by reducing the number of state representations or by increasing the Muhammadan quota by making a corresponding addition to the total strength of the house so that the Muhammadan representation should come to be one-third of the whole house.

(2) Being a zemindar myself I very much regret to find that no representation has been granted to this class in the Council of State. In the federal Assembly the landholders have only been given seven seats, one for each province—Madras, Bombay, Bengal, the United Provinces, the Punjab, Bihar and the Central Provinces. Nearly 80 per cent. of the population of India are agriculturists and they pay to the Government a considerable sum in the form of land revenue and water rate which are considered to be the chief sources of income for Government. In other words, the agriculturists are the backbone of the Government in the matter of income and as such is it not a pity that they have been granted no representation in the Council of State and only seven seats in the Assembly which is quite inadequate as compared with their number. No matter whether they come of a different stock, belong to different provinces, follow different religions and observe different customs and manners, they are one in their thoughts and sympathies as agriculturists. The feelings and sentiments of an agriculturist of the North-West Frontier Province are quite the same as those of his brethren in Bengal, Madras or Bombay. It is indeed a matter of great regret to see that 80 per cent. of the population of India has only been granted seven seats in the federal Assembly and no seat in the Council of State. Nor do we find any encouraging suggestion for the amelioration of their present deplorable condition. Their interest stands in more need of representation in the federal legislature than any other granted representation therein. It is, therefore, submitted that they should be permitted adequate representation in both the houses of the central legislature, so that being the major portion of the population of India they might have the facilities to safeguard their interests from the encroachment of other industries and labour and the legal profession who are accustomed to dominate every body especially in these days.

3. In regard to enlistment in the Indian army, the present communal proportion should be maintained by statutory provision.

4. A statutory provision should also be made to guarantee reservation for the Mussalmans of one-third of the Indian quota of services under the Government of India.

5. Fundamental rights and statutory safeguards should be provided granting full freedom to the Mussalmans in respect of their religious beliefs and practices. None of the personal laws of the Mussalmans based on the *Shariat* should be brought within the purview of the legislatures, central or provincial, unless two-thirds of the number of Muslim representation in the legislatures, central or provincial, agree to it.

[Major Nawab Sir Mahomed Akbar Khan.]

6. The Muslim quota in the special constituencies in provinces has not been fixed. It is, therefore, necessary that a due proportion in these constituencies should be definitely fixed for the Mussalmans according to the rate of proportion in these councils so as to complete the weightage granted to the minorities.

7. A statutory Railway Board is not acceptable to the Muslims but if its formation is inevitable then both the houses of the federal legislature should be duly represented on it and one-third of this representation should be given to the Mussalmans.

8. British Baluchistan should be given a reformed and responsible constitution and the States of Kalat and Las Bela should be amply provided representation in the federal legislature from amongst the other Indian States.

9. I do not think that the federal Court would be always in session to decide questions of controversy between the provinces or British India and the Indian States. In case it proves so, the federal Court in the event of its leisure should also perform the duties of a Supreme Court in respect of British India.

10. Since the Indian States are given the privilege of competing for all Indian services such as the Indian Civil Service, the Indian Medical Service, and commissions in the army, the same privileges should also be extended to the subjects of British India in Indian States by way of reciprocity.

11. Full religious liberties with secular laws as enjoyed by the followers of different religions in British India should also be conceded to in all the Indian States to their subjects, whether Muslims, Hindus, Christians or Parsis.

Before resuming my seat, Sir, I would like to say a few words as to the acceptance of the proposals as embodied in the White Paper. I do not want to make any criticism of the reforms thus offered. On the other hand I would rather ask my countrymen to make an experiment of same and utilise it as a weapon towards the attainment of a further instalment of reforms towards self-government. In my opinion the best thing to do at this moment is not to criticise the thing offered but to try to improve it as best we can. Honourable Members are well aware—and the history of the world from time immemorial bears testimony to the fact—that in the history of every nation it has taken centuries to develop a democratic form of government from the autocratic one. It has been the case with the Greeks, the first expounders of democratic ideas in the world. It has been so with the Romans who had to wait three centuries in order to obtain the plebian form of government from the hands of their patrician masters. Has not it taken more than seven centuries for the English Parliament to reach its present stage, for it was somewhere in the year 1215 that the Magna Charta was granted to Englishmen by King John. There is an English proverb "Slow and steady wins the race." Haste, on the other hand, only results in waste. We should, therefore, try to win our race towards self-government by slow and steady marches, because this is the only way which is not crossed by any slippery grounds or dangerous pitfalls. It is better to have a little with sure advantages than more with fears of loss and breakdown.

***THE HONOURABLE RAI BAHADUR RADHA KRISHNA JALAN** (Bihar and Orissa : Non-Muhammadian) : Sir, the White Paper containing the proposals for Indian constitutional reform has been read, re-read and digested by almost every section of the people of India and I have nothing to say on it. Government are aware that every section of political thought in India was very keen in India's getting a substantial measure of responsibility and dominion status was the cry of the day.

Sir, representing as I do the whole province of Bihar and Orissa in this House, I shall greatly regret that I, nor my successors, will be any more representatives of the hospitable people of Orissa, as Orissa will become a separate province soon. Sympathetic as I always have been with the Oriya aspirations for a separate province, I should like to speak a word or two on the announcement of the boundaries of the province as contained in the White Paper. Honourable Members are aware that the Legislative Council of my province has passed the other day a resolution declaring that the boundaries of the Orissa province are very disappointing. This amendment has been carried by the Bihar and Orissa Council and the Government of Bihar and Orissa are in full agreement with the same. Sir, Orissa with its temple of Lord Jagannath and other great temples have been for centuries the place of pilgrimage for millions and millions of Hindus. Towards the end of the sixteenth century this Hindu country was conquered and divided up in three or four territories by the Moghuls and Marathas. The British Government followed the same procedure and the Oriya-speaking tracts remained under four provinces. The Oriyas agitated long to be united. Committee after committee was appointed to ascertain the wishes of the people ; the Philip-Duff Committee, the Attlee Sub-Committee of the Simon Commission and the O'Donnell Committee recommended amalgamation of different Oriya-speaking tracts leading to the creation of a separate Orissa province. The O'Donnell Committee recommended an Orissa province of 33,000 square miles and 83 lakhs of people. The British Government proposals exclude 11,000 square miles of it and nearly 25 lakhs of Oriyas are condemned to remain in the Madras Presidency.

Sir, Honourable Members will realise the situation better if I read the amendment passed in the Bihar Council the other day :

" And that having considered it, this Council is of opinion that the boundary demarcated for the new Orissa province is highly disappointing inasmuch as it does not include even the areas unanimously recommended by the Orissa Boundary Committee and also excludes the Parlakinedi estate proposed by the majority of the said Committee ".

• Sir, this is a clear case of injustice which requires reconsideration. I hope that this will be done when the Joint Select Committee meets and I would request the Government to apprise the British Government of the keen sense of disappointment and disapproval of the Oriyas in the boundaries of Orissa as announced in the White Paper and let our Oriya neighbours have a homogeneous province which they can develop economically and restore that great land to her ancient glory.

Sir, Bihar suffers equally with Bengal from deficit finances. Provincial autonomy will be a farce if there be no real financial autonomy for the provinces. The octopus of heavy military expenditure and top-heavy federal administration postpones the date of financial solvency to the provinces. I cannot conceive any responsible government—be it at the centre or in the provinces—unless the provinces get a due share of the taxes now monopolised

***Speech not delivered but handed in by the Honourable Member for incorporation in these debates.**

[Rai Bahadur Radha Krishna Jalan.]

by the central Government. Bihar must get a share of the income-tax on a population basis and in this I have the full support of the Government of Bihar and Orissa and also of the Bihar and Orissa Legislative Council. Without financial solvency of the provinces no constitution can work and the financial committee foreshadowed in the White Paper to settle financial relations between the centre and the provinces must be an impartial committee, otherwise the provinces will have to live by spoon-feeding from the non-voted financial adviser of the federal Government who will be the *de facto* master of federal and provincial governments and ministers. I would claim for the Bihar and Orissa Chamber of Commerce direct representation in the federal Assembly. If this will not be possible, the Bihar and Orissa chamber may be given representation by rotation with any other chambers of commerce a seat in the federal Assembly.

In conclusion, we hope our views and advice will be favourably considered by the Government.

THE HONOURABLE SHAIKH MUSHIR HOSAIN KIDWAI (United Provinces East : Muhammadan): Sir, my objections to the so-called White Paper which has innumerable black spots are on fundamental grounds, and to be brief I will take up only two. The first and foremost objection is that the White Paper is based upon a superiority complex, which is abhorrent to me. Even if the angels would come down direct from heaven I would refuse to submit to their superiority pretences. All the one hundred and one, or rather thousand and one safeguards, are based on the idea that Indians are inferior beings, that they are unfit to rule over themselves and that they lack intellect and capacity to manage their own affairs. Sir, so far as Indian intellect is concerned, I would ask the authors of the White Paper to go to any English University and they will find that Indians have beaten Englishmen on their own grounds—even in English composition. It has been mentioned in one place in the White Paper that the Supreme Court and the Federal Court cannot be established at one and the same time, because judicial talent as they call it will not be available. These sceptics do not know that while not many years ago in every province the Bar was led by Englishmen, now there is hardly any province in India where Indian barristers have not ousted the British barristers in competition. No, Sir, I do not believe in a superiority complex, and as long as there is one safeguard tinged or tainted with a superiority complex, whether it is in the Army Department or the Foreign or any other department, I will object to the constitution. It may be said that Indians lack political experience. It may be so, but if the constitution as proposed by the White Paper is established, Indians will continue to lack experience till Domesday. There is an Indian saying "*Chabootra kotwali sikhata hai*". There is an illustration of this in this very House, Sir. The roof did not come down when an Indian took the Chair in this House in place of the Englishman. Nor did the heavens fall when an Indian was appointed as the governor of a province, which is called the most communalistic province, and I prophesy that the heavens will not fall when my friend the Nawab of Chhatari will become the Governor of the United Provinces.

Sir, the other objection that I have is that the White Paper features the worst phase of autocratic government. There is nothing more damaging and demoralising to the character of a man or a nation than despotic personal rule. Government under the constitution proposed by the White Paper will degenerate into personal dictatorship of the worst type, and as I told my friend Mr. Gandhi himself that my very instinct revolts against the idea of dictatorship

of every type. The autocratic powers given to the governor will make his ministers cringing and servile. Not only this, the excessive powers of the executive (the tin-gods of the Indian Civil Service have been made more sacrosanct) and the stranglehold of the autocracy of the governors and the Governor General will choke the spirit of liberty and self-government among the people. In my opinion, Sir, the proposed Government under the White Paper will become more irresponsible, more personal, more autocratic, much more expensive and more damaging to the character of the Indian nation and the interests of India. I do not think that any Indian can honestly say that he is satisfied with the White Paper, and here to the Leader, the official Leaders (because to me if there is a Leader he would sit on the opposite bench), I throw out a challenge to stand up in this House and declare if he dare as an Indian that he is fully satisfied with the White Paper.

So, Sir, in my opinion, it will be a crime on the part of any Indian to do anything to bring about that sort of constitution which has been proposed in the White Paper, but if it is thrust upon India I would suggest that all parties and all communities of India, and all sections of the people, including the congressmen, for the self-sacrifices of whom I take my cap off, should join hands to expose the fact that the constitution is a negation of self-government and to make deadlocks the permanent feature of the legislatures.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR (Madras : Muhammadan) : Sir, whatever the defects in the White Paper, it cannot be denied that during all these three years that enquiries have been conducted through the Round Table Conference and its Committees His Majesty's Government have been perfectly sincere in their endeavour to find a solution for the Indian constitutional problem. Nevertheless, Sir, the scheme as outlined in the White Paper is such that to several of its features objection is taken even by men who represent the most moderate opinion in the country. Sir, the White Paper does not give a clear and complete idea of the future constitution. It only goes to indicate a purpose and the methods which it suggests do not seem very well calculated to achieve the purpose. Sir, while on the one hand conditions are required to be satisfied before federation can be called into being, on the other hand the limitations that are proposed to be placed on the federal legislature bid fare to render practically ineffective any power that may be transferred to the centre. Likewise, the provisions regarding provincial legislatures are unsatisfactory resulting in a very emasculated form of provincial autonomy.

Sir, speaking as I do at this late hour I will not enter into details. I will simply confine myself to the very salient features of the scheme. Sir, among the things which go to make a country self-governing the power over finances and the capacity to defend itself are the two most important. We find that in both these respects the proposals made in the White Paper are far from satisfactory. Sir, the army budget which ordinarily takes away the lion's share of the money available for expenditure has been placed beyond all control by the legislature and the finance minister. Sir, the finance minister is prohibited from exercising any control over exchange and currency. Eighty per cent. of the revenue is non-voted. In these circumstances, Sir, it is impossible to see how the finance minister of the future federal Government will be able to carry on, where he will be able to find money that will be required to be spent upon nation-building departments. There does not seem to be any great chance of any measures being adopted which will go to improve the economic conditions of the people in the country. Sir, it is true that in the transition stage full financial control is impossible but, Sir, it is no less true

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that for real responsibility to develop the financial aspect of the constitutional problem should have been treated more generously in order to pave the way for real dominion status.

Now, Sir, as regards the army, even though it has been recognised that the defence of India should be as much a concern of Indians as of Britons, the White Paper fails to formulate any policy which may be said to be calculated to achieve this purpose. Sir, all that the White Paper proposes to do in this connection is merely to give a formal expression to this pious wish in the Instrument of Instructions to the Governor General. Sir, there does not seem to be any indication in the White Paper whatever of any period in which India might be prepared to take up her own self-defence. Sir, it is necessary that in matters like this things should be more definite and a period should be fixed, whether brief or long, whatever it might be, some period should be fixed for a real Indian army to come into being.

Now, Sir, there is one other aspect of the question which requires very careful scrutiny and in my opinion it is the most important of all and that is, Sir, the provisions regarding the federation with the Indian States. Now, Sir, here, at the outset, I would like to make it perfectly clear that I welcome the entry of the states into the federation. I realise that the solution of the present political problem lies in an all-India federation. I also hope that by the co-operation of these two parts of India there will come into being not only a greater India but a much more prosperous and a much happier India. But, Sir, I feel that when such is our object it is necessary that we should satisfy ourselves as to the terms on which this co-operation is sought. We have to make sure that this co-operation is not purchased at any great sacrifice, that it is not obtained at anything which might go to hamper progress in the country. Therefore, Sir, I am stoutly opposed to any undue concessions being held out to the princes to come into the federation. Consequently, the provisions in the White Paper in this respect are most unsatisfactory, viewed from this standpoint. Not only are the Indian States given much in excess of their due share of representation but they have also been allowed a voice in matters concerning British India. This kind of provision is fraught with great danger to the well-being of British India and its progress. Sir, I would suggest that there should be no weightage given to the princes, whether in the lower or the upper house of the provincial legislature, and a method should be found by which the Indian States would not be allowed to determine matters which concern only British India.

Now, Sir, as regards the Railway Board, I will be very brief. All that I would submit is that I am opposed to the formation of this board under an Act of Parliament. I should like this Railway Board to be set up by the Government of India. And if any board is set up at all, whether by an Act of Parliament or by the Government of India, proper steps should be taken to guarantee a proportionate share of the services to the Mussalmans in India.

Now, Sir, I would like to say just a word about the Mussalman position and in this connection I think it will be enough if I simply refer to the resolution which was passed the other day at the meeting of the executive board of the All-India Muslim Conference. I do not propose to read the comprehensive resolution* but will hand it in for incorporation in the proceedings. In this connection, Sir, I should like to say just a word about one or two of its more important features. I see from the papers, Sir, that the

* Reproduced as an appendix to these debates. See page 514.

observations of my Honourable colleague, Mr. Mahmood Suhrawardy, regarding the federal upper chamber have been misunderstood.

THE HONOURABLE THE PRESIDENT : We are not responsible for what the newspapers write.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR : I simply want to clear the misapprehension. From the report we find that the Honourable Mr. Mahmood Suhrawardy is said to have asked only for one-fourth of the quota allotted to British Indians. The fact was that he wanted not one-fourth of the quota—

THE HONOURABLE THE PRESIDENT : I do not think any explanation is necessary from the Honourable Member.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : One-fourth of the whole House.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR : It is very necessary inasmuch as it will go to clear the Muslim position. From the report that has appeared it looks as if the Muslims have asked for only one-fourth of the British quota to be given to them. It is just the reverse of what the community demands. We demand one-fourth of the strength of the whole House to be given to us from the quota allotted to British Indians.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : That is what he said.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR : It would be not only one-third of the British Indian quota but even a little more than that. Besides that for the rest, our demand is that we should be given one-twelfth of the strength of the whole House from the Indian States. The reason for this is that we want a larger share from the British Indian quota and a small share from the Indian States, since we are very apprehensive about the kind of men that would be returned to the federal legislature from the Indian States. We doubt whether they would be the type of people who would represent the Muslims effectively. It is a matter of common knowledge, Sir, that popular institutions do not exist in Indian States, and people who would come from there would not come by the open door of election but would simply come in by nomination of the rulers and as such they cannot be regarded as representing the people in their country.

• As regards the services, the Muslim community feels disappointed at the failure of His Majesty's Government to make any statutory provision giving to the Mussalmans their proper share in the public services. From a perusal of the first Round Table Conference proceedings and also from the recommendations of the Services Committee, it is clear that every necessary step should be taken to guarantee that all important minority interests are effectively and adequately represented in the administration of the country.

One word more about the bifurcation that has taken place in regard to a provincial legislature which before the issue of the White Paper was only a single chamber, I mean in connection with the province of Bihar and Orissa. Sir, when there was to be a single legislature for both these provinces, the Muslims were allotted 24 per cent. of the strength of the whole House. Now, after its bifurcation, the total of the Muslim seats in both the legislatures, viz., of Bihar and Orissa comes to much less than 24 per cent. I would appeal to the Government of His Majesty to see that this deficiency is made good so that the total number of seats that go to the Mussalmans there in both the

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legislatures will come to 24 per cent. I feel that I am perfectly justified in making this demand inasmuch as the Premier gave an assurance when he issued his decision on the communal question that the quota that should be allotted to the communities in the various provinces was unchangeable until it were modified by the consent of the parties affected by the alteration.

I will now close my observations with this remark that the proposals of the White Paper are undoubtedly halting and unsatisfactory. They call for substantial and drastic changes. They do require to be improved effectively in order to secure to the country dominion status. But, Sir, from what has been said in the White Paper itself, it is obvious that this is not the last word on the matter, that the Joint Select Committee would have every opportunity of effecting improvement in the scheme proposed, so long as it preserves the principle involved. I would therefore call upon my friends to see that what we do is not such as to undo what all has been done for all these three years, that we should try to take the proposals as they are and effect improvements upon them and thus try to secure to ourselves that for which we have been striving all these years.

THE HONOURABLE SARDAR BUTA SINGH (Punjab : Sikh) : Sir, I feel it would be idle to criticise the details of the White Paper. Our best criticism would be if we can, even at this late stage, compose our communal differences and send our delegates to the Joint Select Committee united by common agreements. It is futile for us to criticise unless we can create conditions for the working of self-government. There can be no self-government unless the communities can trust each other, and it lies with the majority communities in all provinces to win the confidence of the minority communities and thus lay the foundations of self-government. I also feel that the idea of bringing the Indian States into the federation to receive responsible government is not without its disadvantages. British India must attain federation first before the states are drawn in, and responsible government should come to British India even if the states are not prepared to join. The idea of federation seems to me too far-fetched. If Government is really earnest about it they might fix in any case a date by which the reserve bank would be brought into being. The other day, when I moved a resolution pleading for the creation of agricultural credits, the Honourable Mr. Taylor talked vaguely of the coming of the reserve bank and our continuing as we are. He little realised that the agriculturists, on whom the prosperity of India depended, were on the border line of bankruptcy and by the time the reserve bank comes, their position may be irretrievable. Government should not fail to take immediate action for the creation of a reserve bank and also for central responsible government without the states, if possible.

Speaking on behalf of my own community I feel I must express complete dissatisfaction with the Communal Award and the constitutional structure proposed on the basis of separate electorates. Government would be well advised even at this late stage to bring the communities together to reach an agreed settlement.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House) : Sir, we started this debate yesterday and I have had the pleasure of listening to 26 of my colleagues on the White Paper. I am sorry I did not have occasion to listen to two of my non-official colleagues, because I could then have said with great satisfaction that the entire body of non-officials in the House had taken part in this great discussion. This debate,

I am very glad to be able to say, has been conducted with a great deal of earnestness coupled at the same time with calmness, and that is what we wanted. All the views expressed will be brought to the notice of the Secretary of State and there is really nothing for me to add to the discussion, except one word. I am under the impression that I heard my Honourable friend Mr. Mehrotra say that law and order in the provinces are going to be a reserved subject ?

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : I meant that the governor will have special powers so far as law and order is concerned.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : Well, I am glad to hear that he is under no misapprehension that there will be reserved subjects in the provinces. Then there is nothing more for me to add. As I have submitted already, the debate will be brought to the notice of the Secretary of State for India.

THE HONOURABLE MR. HOSSAIN IMAM : Will the Government of India express any opinion on this debate ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : No, Sir. It would hardly be right for us to sit in judgment on the views of Honourable Members, which the Secretary of State ought to have direct.

THE HONOURABLE THE PRESIDENT : That concludes the debate on the White Paper.

STATEMENT OF BUSINESS.

THE HONOURABLE THE PRESIDENT : Has the Honourable the Leader any statement of business to make ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : Honourable Members, Sir, will be aware that the Finance Bill was not passed by the Assembly yesterday. This being so I am constrained to suggest that in the event of the Bill being passed by that Chamber today the Council should meet tomorrow to enable the Bill to be laid. There being no other business for tomorrow, I suggest, Sir, that you might be pleased to direct the taking tomorrow with one day's curtailment of the normal period of notice of the motions to consider and pass the Salt Duty Extending Bill which was laid on the table yesterday. Should you agree to this course and should the Finance Bill not be passed in the Assembly today, the meeting for tomorrow night, I suggest, be postponed by circular till Thursday.

THE HONOURABLE THE PRESIDENT : In view of what the Honourable the Leader of the House has said, there is no other alternative for me but to accept his suggestion. I will adjourn the House provisionally till tomorrow, subject to the issue of a circular notice. However, I must tell the Honourable Members that in case we meet tomorrow I shall under Standing Order 27 suspend the Rules of Business and ask the Member for Government to proceed with the Salt Duty Extending Bill.

The Council then adjourned till Eleven of the Clock on Wednesday, the 29th March, 1933.

APPENDIX.

(See page 510.)

Resolution No. II.—This meeting of the Executive Board of the All-India Muslim Conference expresses its profound disappointment with the schemes of reforms outlined in the White Paper. In the opinion of the Board the said scheme fails to meet the demand of the Muslim community as embodied in the various resolutions of the All-India Muslim Conference.

In view of the extreme dissatisfaction of the Muslim community with the proposals of His Majesty's Government, the Board demands radical changes on the following lines :

(1) The provinces should be granted the largest measure of fiscal, administrative and legislative autonomy.

(2) The governors' powers are excessive and should be curtailed.

(3) The provincial ministers should be fully responsible to the legislature, and should hold office only as long as they enjoy the confidence of the House.

(4) The provincial Governments should have effective control over imperial and complete control over provincial and other services.

(5) The powers of the Governor General should be curtailed.

(6) The High Courts should be an exclusively provincial subject. The appointment of High Court judges should be made by His Majesty on the recommendation of the provincial governors and of the provinces in which the High Courts are situated. The provincial legislature (and not the federal legislature as noted in section 175 of the White Paper) should regulate the power of superintendence exercised by the High Court over the subordinate courts in the province.

(7) No weightage or other discriminatory privileges should be given to the Indian States.

(8) Fundamental safeguards for the protection of personal law, education and culture of the Muslims should be incorporated in the constitution.

(9) Provision should be made for the effective representation of the Muslims in the public services of the country and the army. Effective steps should be taken to Indianize the army within a fixed period.

(10) As the Muslims claim one-third representation of the whole House in the upper house of the federal legislature and have been definitely promised one-third of the British Indian share of the seats in the House and cannot see any effective way of securing sufficient seats among the representatives of the states to make up their proportion to one-third of the whole House, it is their considered opinion that a slightly increased proportion of their seats in the British Indian share over the one-third is essential.

The Muslims further disapprove of the principle of joint electorates in the elections to the upper house of the federal legislature and urge the adoption of separate electorates by the direct method.

(11) A substantial measure of reforms should be immediately introduced in Baluchistan.

(12) The one seat allotted to Delhi in the upper house should go to the Muslims and non-Muslims by rotation.

(13) The population of Delhi and Ajmer being equal, Ajmer should have the same measure of representation in both houses of the federal legislature as Delhi, and such representation should be regulated by the same principle as in Delhi, and when one is represented by a Muslim the other should be represented by a non-Muslim in the upper house.

(14) That inasmuch as His Majesty's Government's decision promised to give Muslims of Bihar and Orissa 42 seats out of 175 seats, i.e., 24 per cent. of the whole house by separate electorates, this meeting of the Executive Board demands that the proportion then fixed should on no account be changed and the seats should be so allotted to Muslims in the province of Bihar and Orissa in both the provincial legislatures that the total proportion of 24 per cent. should not be disturbed.

(15) That representation awarded to commerce should include the Muslim Chamber of Commerce of Bengal and Bihar as electoral units in their respective provinces.

(16) That the electoral qualifications of the landholders constituency should be reduced in Bengal and Bihar and single-seated constituencies should be changed into one multi-seated constituency in each province by the single transferable vote.

(17) The Indian States should be given no privileges of competing for all-India services such as the Indian Civil Service, Indian Medical Service, and commissions in the Indian army until the states agree to extend the same privileges to British Indian subjects in their territories.

COUNCIL OF STATE.

Wedne^{sd}ay, 29th March, 1933.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

MEMBER SWORN.

The Honourable Mr. Sidheshwari Prasad Varma (Government of India Nominated Official).

BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL : Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax, and further to amend the Indian Paper Currency Act, 1923, which Bill was passed by the Legislative Assembly at its meeting held on the 28th March, 1933.

SALT ADDITIONAL IMPORT DUTY (EXTENDING) BILL.

THE HONOURABLE MR. J. B. TAYLOR (Finance Secretary) : Sir, I rise to move :

"That the Bill further to extend the operation of the Salt (Additional Import Duty) Act, 1931, as passed by the Legislative Assembly, be taken into consideration."

Sir, the Salt (Additional Import Duty) Act which was originally passed in 1931 for a period of 12 months is now becoming a hardy annual in the Legislature with which members of this House will be more familiar than I am. The reasons for it were explained by the Honourable Sir Arthur McWatters when he introduced the original Bill in 1931 and again by the Honourable Mr. Brayne last year when he moved for its further extension for a period of 12 months, so that I need only briefly recapitulate them here. The measure was introduced as a result of a strong and long-standing movement on the part of the representatives of the people of India that India should be rendered self-sufficing in the matter of salt. The question was referred to the Tariff Board. The Tariff Board's recommendations were two-fold. In the first place, they proposed an import duty, but in order to protect the consumer they also recommended that a marketing board should be created by Government to regulate wholesale and consequently retail prices.

[Mr. J. B. Taylor.]

Their reason for doing so was that they thought that the best form of protection to the Indian manufacturer of salt would be afforded not by a mere measure of protection but by stability of prices. In the previous few years the price of salt had varied in Calcutta from about Rs. 120 per 100 maunds down to about Rs. 40, and as the retail purchaser generally gets the worst of both worlds (for if the wholesale price rises the retail dealer raises his price but he does not correspondingly reduce it when the wholesale price falls) they said that if a reasonably stable price was assured the requisite protection could be afforded to the Indian salt industry without undue detriment to the consumer. The Government of India agreed with the principle, but were unable to accept the form of machinery proposed and they considered that the stability of price which was desiderated by the Tariff Board could be secured by embodying a provision in the Bill that if the price of salt, protected salt, in Calcutta rose above a certain level, the producer would be required to tender it to Government at that price. The price was fixed having regard to various calculations made by the Tariff Board at Rs. 63-11-0 per 100 maunds in Calcutta. The original Bill therefore contained two provisions: first, an import duty of Re. 0-4-6 a maund, and secondly, a fair buying price, at which the producer would have to tender in Calcutta, of Rs. 63-11-0. It was also decided that the measure should be temporary only and that in order to keep the Legislature in close touch with the development of the Act, a Committee of the Legislative Assembly should be appointed which would review periodically the reports of the Central Board of Revenue showing how the Act was working out in practice. The Committee has met from time to time. It met last summer and it met two or three weeks ago, and its report has been printed and sent to members of the Legislature. They were confronted with two facts. In the first place, since the Bill was originally introduced there has been a catastrophic collapse in all commodity prices from which the world price of salt has not been immune. There was also a growing feeling of opposition in the eastern provinces of India, particularly Bengal, Bihar and Orissa and Assam, that the protection was imposing an unduly onerous burden on the consumer. The Committee carefully considered these facts and after taking into consideration the two conflicting interests they arrived at a compromise which is embodied in the present Bill. That compromise takes two forms. In the first place, the import duty is being reduced from Re. 0-4-6 to Re. 0-2-6, a reduction of 2 annas or Rs. 12-8-0 per 100 maunds, that is to say, the anticipated reduction in the market price of salt in Calcutta should be from about Rs. 55 to about Rs. 43. They also recommended a reduction in the fair buying price at which the Government of India would have the power to purchase salt. Obviously in many respects the factors on which the Tariff Board had based their calculation of a fair buying price must have altered materially in the course of the last two years and one definite factor which has altered is that of freights. The Collector of Customs, Calcutta, examined the question and decided that a sum of about Rs. 9-4-0 could be reduced on this account. The Committee therefore recommended and the Government of India have accepted and embodied in the Bill a proposal that the buying price should now be Rs. 54-12-0 delivery Calcutta with corresponding adjustments for freight charges according as delivery may be made in other ports. The net position therefore is that the import duty is being reduced from 4 annas 6 pies and the buying price from Rs. 63-11-0 to Rs. 54-12-0. I have no doubt that in the course of the debate I will hear the views of the various conflicting interests and I have no desire to anticipate arguments or to answer them in advance I would merely say that Government in this matter have endeavoured to give

effect to the wishes of the Legislature as expressed in a Resolution originally moved in the Assembly, carried through with the Tariff Board, and embodied in legislation in the last three years. It is a compromise and like all compromises it cannot satisfy those who hold extreme views on either side but as a compromise I recommend it to the consideration of the House.

Sir, I move.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK (West Bengal : Non-Muhammadan) : Sir, in the interests of the salt consumers of Bengal I rise to oppose this Bill under discussion. It would be better if at this stage I try to recount to the House the circumstances which led to the passing of the additional import duty on salt in 1931 on the recommendation of the Tariff Board. It is now for the House to decide how far subsequent events have justified the extension of the import duty on salt. I would recapitulate the conclusions arrived at by the Tariff Board. The Tariff Board, after full inquiry, came to the conclusion—

- (1) that fine white crushed salt of the quality requisite to enable foreign salt to be entirely replaced in the Bengal market could be produced in sufficient quantities at a reasonable price in India ;
- (2) that Aden is included in India ;
- (3) that to develop Indian production so as to produce 500,000 tons of fine white crushed salt, the main necessity was stabilisation of prices at a fair level in relation to the cost of production ;
- (4) that Rs. 66 per 100 maunds at Calcutta was a fair level and would not represent a real burden on the consumers, having regard to the average level of prices in the past ;
- (5) that the greatest public advantage to be derived from making India self-supporting would be the development of the Northern India, and particularly the inland sources of supply.

This really is the idea underlying the recommendation of the Tariff Board. There was thus no case for protection of the sea-borne sources at Aden. The other sources of sea-borne salt were not of sufficient importance, actual or potential, to deserve protection whether from the economic point of view, or from the point of view of national safety.

Sir, at a time when the price of every other commodity has gone down, the price of salt—one of the prime necessities of life—has considerably increased and if we take into consideration the fall in the cost of freight, as found by the Salt Industries Committee in their second report, which is Rs. 10 per 100 maunds, the consumers in Bengal, Bihar and Assam have to pay about Rs. 25 to Rs. 30 per 100 maunds more than they would otherwise pay. The answer that we generally get for this sort of arrangement is that the additional import duty on foreign salt safeguards the interests of consumers by stabilising prices and that they hope that the average, over a long period of years, with the duty on, will be less than what might be accepted as the average price, if the trade were left entirely free. But, Sir, I confess I cannot accept this view as correct, nor can I share in this sort of optimism. The additional duty has the inevitable effect of increasing the price of all sea-borne salt, whether Indian or foreign, and any stabilisation of prices that may occur must come about at the higher rate.

Sir, if Aden were to secure a virtual monopoly of the entire market, to the exclusion, not only of the maritime sources in India, but also of the sources

[Mr. Satyendra Chandra Ghosh Maulik.]

in Northern India, that would frustrate the very policy recommended by the Tariff Board, and so I can say without hesitation that that is a result which the Government of India should not accept.

Then again, Sir, I say also without fear of contradiction that no Indian source of supply, except Aden, has, as a result of the additional import duty, been able to supply Bengal with the quality requisite, and even that has not been sufficient. The House will remember that representations have been made by the Indian Salt Association, the Karachi Salt Association and the Tuticorin Salt Merchants' Syndicate to the effect that foreign (African) salt was being dumped into the Bengal market at prices which were below the fair selling rate fixed by the Tariff Board and with which the Indian salt was unable to compete. In their representations the Associations asked for increase of the additional duty by one anna per maund on non-Indian imported salt under section 4 of the Salt Additional Import Duty Act. The facts of the contentions raised in those representations were made the subject of a close investigation by Mr. Ward, Collector of Customs, Calcutta, under the orders of the Government of India. The results of that inquiry brought out most clearly :

- (1) that importers of Aden and other Indian salts had been trying to maintain the price of their salts at the fair selling price fixed by the Tariff Board, in spite of the fact that the fall in freights should have been followed by a corresponding fall in their selling price ;
- (2) that the failure of Indian and Aden salt importers to reduce their prices consequent on the fall in freights gave an opportunity to importers of foreign salt to obtain a market for their salt in Calcutta at a price which was remunerative to them ;
- (3) that Aden and Karachi salts are able to compete with such foreign salt, but Okha salt being of an inferior quality will not be absorbed by the market, unless it is offered at a price at least Rs. 4 per one hundred maunds less than the price at which foreign salt is available.

The reduction in prices in Calcutta consequent on the competition with foreign salts has been clearly reflected in local prices everywhere.

The conclusions then to be drawn from the Collector of Customs' report, considered with the retail prices of salt, are irresistible. First, that Aden and other Indian salts, taking advantage of the lack of competition consequent on the imposition of the additional import duty tax, have attempted to maintain their sales at a price which is unfair to consumers ; secondly, that as a result of this action normal competition has not been restored and consumers, though still forced to pay Re. 0-4-6 a maund extra for their salt, have, to a certain extent, been saved from the monopolists.

It is, therefore, evident that the attempt of the Indian Salt Association to obtain additional protection is clearly an attempt to destroy this newly roused competition and to stabilise the price of salt at a rate unfair to consumers.

Again, it will be seen that stabilisation of prices was only a means towards the end of stimulating Indian production and not the end in itself. Stabilisation not on a fair level in relation to the cost of production in India is not an economic proposition from the consumers' point of view. Stabilisation has not been secured except as regards the maximum price. The findings of the Centra

Board of Revenue and of the Tariff Board have definitely established that there is no case for the protection of the indigenous manufacturers of salt.

Although the Tariff Board recommended the development of the inland sources of supply yet nothing has been done towards that direction. No more inland salt is coming into Bengal than it did before and no more is likely to come, for it is sure to be undersold by Aden, the inland salt manufacturers' price being Rs. 84 per 100 maunds. Further, the inland source of supply even when developed up to the full capacity of 200,000 tons will only supply two-fifths of the needs of Bengal leaving that province yet dependent on Aden and other foreign countries for the balance.

It is then obvious that unless Northern India salt can be placed on the Bengal market at a price approximating the world price, the whole proposal, which was a temporary measure, is utterly unsound and should be dropped at once. The figures that are available to us show that Northern India cannot meet the demand of Bengal at a price approaching the world price and therefore the Act should be taken away altogether. There is absolutely no justification for the hope that is entertained, that the average standard price over a long period of years with the duty on, will be less than what might be accepted as average price if the trade were left free. There is yet no guarantee that the measure will remain in force for a long period of years.

It is obvious that as a result of the additional duty Aden is rapidly securing a monopoly and the Salt manufacturers of Aden and Western India are getting all the benefit. So unless the market for crushed Khewra salt can be developed, which, as it appears, cannot be done at present economically, they will remain the only people to derive the benefit in the future also. But I am really at a loss to understand how the interests of a few manufacturers can be considered as against the interests of the whole nation. I shall say, therefore, that there is no justification for the continuance of the tax which victimises the consuming populations of the three eastern provinces, Bengal, Bihar and Assam. I own that the duty is proposed to be reduced by 2 annas but nothing can prevent Aden securing a virtual monopoly so long as this Act remains. It is for these reasons that the duty should go altogether and should not be extended for another year.

THE HONOURABLE RAI BAHADUR PROMODE CHANDRA DUTT (Assam : Non-Muhammadan) : Sir, I rise once again to protest against this iniquitous levy on salt. I protested against it at the time when for the first time it was imposed in 1931 ; to every clause of the Bill as it was put I said " No ". In the course of my short remarks on the budget a few days ago I raised my protest again. Assam consumes the same kind of salt as Bengal and obtains its supply from the Bengal market. What therefore affects Bengal affects Assam to the same extent. Bihar, I find, is virtually in the same predicament. All these three provinces--people and the Governments--have protested against this measure but to no effect. It seems to me that somehow the Honourable Sir George Schuster has persuaded himself that the salvation of India lies in robbing these provinces and paying Aden and Northern India. We know, Sir, that once he makes up his mind, there is no resisting him. It is therefore absolutely useless to argue the question on the merits. We must, however, formally record our protest against a measure which we consider to be totally unjust. The Honourable Mr. Taylor has told us that this measure is being enacted in response to Indian public opinion. Sir, if it is Indian opinion that wants this measure, then it is India that should bear the expenses ; the whole

[Rai Bahadur Promode Chandra Dutt.]

of the expenses should not be thrown on the shoulders of Bengal. Again, Sir, the Government of Bihar has said that the salt supplied to Bihar is inferior to Liverpool salt. My Honourable friend Mr. Ghosh Maulik has said that the salt he gets is also inferior. If that is so, are Bengal, Assam and Bihar being mulcted for the privilege of eating inferior salt? I submit that from all points of view this is a most unjust measure, and ought not to be allowed to be passed.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras : Non-Muhammadan) : Sir, I rise to support this measure for one reason that all foreign salt ought to be taxed. India must be self-contained and would be able to supply fine crushed salt to the consumer, provided Government lent a helping hand to the salt manufacturer. Madras did try to compete in the supply of table salt to the consumers of Bengal and other provinces, but owing to financial and other difficulties they were not able to do it. But I find from the report of the Salt Committee that Tuticorin was able to export some salt to Calcutta last year. India must be self-contained and India must be made to supply its own salt. The Government of India ought to take a much more liberal view in this matter of helping all the provinces where they are able to supply nice crushed salt like the Liverpool salt. We will not be able to dispose of the salt manufactured in India unless foreign salt is taxed. I do not know the present difficulties of Bengal. My Honourable friend Mr. Ghosh Maulik has not yet convinced me why Bengal should oppose this salt duty. For these reasons, Sir, I support not only the extension of this duty for one year, but I would like to see if it cannot be extended for a few years more.

A Salt Committee of the Legislative Assembly has been formed. I do not see why the Council of State should not be asked to send one or two members to serve on that Committee. As a matter of fact, this House is very badly treated in the matter of these committees. I would strongly appeal to the President to see if something could not be done to ensure that one or two members are co-opted from this Council. I am sure this Council will be able to send one or two men who know something of salt.

For these reasons, Sir, I have great pleasure in supporting this motion.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA (United Provinces Central : Non-Muhammadan) : Sir, I rise to support the Bill which has been presented to the House. I regret that it has been opposed by two Honourable Members of this House on local grounds. If I give my support to the Bill it is due to the larger interests of the Indian industry and am not guided by provincial bias. When we find that the Bill will help in the development of the industry in such a way as to make India self-supporting, we must leave other considerations aside and give our support to the measure. My Honourable friend Mr. Ghosh Maulik has referred to the origin of this Bill. I would, therefore, with your permission, Sir, and the indulgence of the House, give the history of this Bill and show that the Bill was not originated from the Government benches but was due to constant pressure by the public. In the 1927-28 session Mr. Kelkar moved a cut of Rs. 100 under the head "Salt," by which he brought to the notice of the Assembly and pressed on the Government that this industry should be given protection. The Government for two years did nothing and as the cut had

been passed in the Assembly they referred the matter to the Tariff Board. The Tariff Board after making inquiries submitted its report. They pressed in it that the industry should be given protection and the prices at Calcutta should be stabilised. For this they wanted to establish a marketing board, but as it was not easy to do so all at once, they recommended that as a temporary measure some duty should be levied on salt imported into India. Even then, Sir, the Government did not take action all at once. They referred the report to a special committee called the Salt Committee. The Committee went into the matter very minutely and they also recommended that if the price was stabilised for ten years the industry would become self-supporting and India would not require to import foreign salt. The report of the Tariff Board as well as of the Salt Committee was referred to a Committee of the Assembly. It also went into all the matters very carefully and made the following three recommendations. Firstly, an additional duty of 4 annas and 6 pies per maund on all salt, Indian or foreign, imported by sea should be immediately levied. Secondly, they suggested that the executive should be empowered in certain circumstances to increase the amount of that duty. Thirdly, a rebate equal to the additional duty should be granted on imported Indian salt, including Aden salt, on the producers undertaking to deliver a stipulated quantity of salt to Government at any time at the fair selling price fixed by the Tariff Board. As a result of this a Bill was brought before the Assembly in 1931 and it was adopted by both the Houses. In the Bill now before us, which has been passed by the Assembly, the duty has been reduced from 4 annas 6 pies to 2 annas 6 pies per maund, on the report of the same Committee, which met on the 16th February, 1933, and reported that they had

"seriously considered the complete abandonment of the policy originally undertaken and the discontinuance of the additional import duty."

They say,

"For various reasons, however, our final conclusion is that the time has not yet come for such a complete reversal of the original policy. What we propose therefore is the continuance of the duty but at a substantially reduced rate, namely, 2 annas 6 pies per maund, instead of 4 annas 6 pies per maund."

This was the recommendation of this Committee and on that recommendation the present Bill was introduced and being passed in the Assembly has now been placed before us.

* THE HONOURABLE MR. BIJAY KUMAR BASU : What are the various reasons ?

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : I do not wish to take up the time of the House. I think the report has been circulated to all members and the Honourable Member can find time to read it. It is only six pages. Sir, the duty of 4 annas 6 pies per maund levied under the original Bill brought in an income of about Rs. 11½ lakhs. The reduced duty under the present Bill will yield about Rs. 6½ lakhs. But the whole of this tax was not appropriated to the revenues of the Government of India. I think about one-eighth only was taken by the Government of India and the rest was returned to the manufacturers of salt in the way of bounty. Further, the money was also spent in purchasing machinery for the Khewra salt works, and I hope the resulting improvements

[Rai Bahadur Lala Mathura Prasad Mehrotra.]

both in quality and quantity will be enough to satisfy the needs of my friends from Bengal and Bihar and Orissa. What is required is that they should press the Government to decrease the railway freight from Khewra to these provinces. If the freight is reduced they will get cheaper salt than at present. (*An Honourable Member*: What about the quality?) My friend wants a better quality. He has perhaps developed a taste for Liverpool salt. Our tastes differ. I would request him to develop a taste for Indian salt. We are all using Indian salt in this part of the country and we have not found any defect. I hope my Honourable friend will also develop his taste for Indian salt and learn to rely on it more than on Liverpool salt. Sir, I am of the opinion that the abolition of the duty at this stage will kill the development of the Indian industry. I therefore beg my friends to put provincial bias aside and in the larger interests of India support the Bill which has been presented by my Honourable friend Mr. Taylor.

THE HONOURABLE MR. J. B. TAYLOR: Sir, it is a very pleasant and unusual situation for me to be able to sit comfortably in my tent while the battle rages overhead and the shells are falling in the opposing trenches. However, I am from time to time reminded that I am still Finance Secretary and the target of this House when one or two premature shell bursts come down upon me. We are told we are robbing the provinces, and particularly Bengal. The Honourable Mr. Mehrotra gave at least a partial answer to that. The revenue which we are getting from this tax does not go to central revenues. It only goes to central revenues to the extent of one-eighth, and that also is being used to develop our Khewra salt works. The remaining seven-eighths goes to the provinces. In the current year I find from the memorandum which I prepared for the budget that the estimated share in the receipts in the budget were Rs. 13 lakhs and the final revised estimate for 1932-33 is Rs. 21 lakhs, which will go to the provinces concerned. That is a very pleasant form of robbery. (*An Honourable Member*: What about the consumer?) That is another matter—for the people who defend protection to answer. I was merely answering the particular criticism that we were robbing Bengal and I pointed out that this money was going back to the provinces from which the taxes were levied. As regards delay in development, I can only refer Honourable Members to the report of the Central Board of Revenue which has been published and circulated among members of the Legislature. We have shown that unfortunately there have been delays in developing the Khewra industry. These are partially due to the unexampled economic crisis through which we are passing, and that is why we have definitely asked merely for extension for a further year until we can see how the situation develops. We claim that it is premature to close down entirely when things are in an abnormal condition but he should allow the experiment a fair trial. I do not think that there is anything more for me to add, Sir. The various combatants on either side have largely answered each other and as I said before this is a compromise in which we have endeavoured to give effect to the sense of the Legislature in the matter and as such I recommend the Bill to this House.

THE HONOURABLE THE PRESIDENT: The question is:

"That the Bill further to extend the operation of the Salt (Additional Import Duty) Act, 1931, as passed by the Legislative Assembly, be taken into consideration."

The Council divided :

AYES—24.

Bartley, The Honourable Mr. J.
Buta Singh, The Honourable Sardar.
Charanjit Singh, The Honourable Raja.
Chetti, The Honourable Diwan Bahadur
G. Narayanaswami.
Choksy, The Honourable Khan Bahadur
Dr. Sir Nasarvanji.
Cotterell, The Honourable Mr. C. B.
Devadoss, The Honourable Sir David.
Fazl-i-Husain, The Honourable Khan
Bahadur Mian Sir.
Ghosal, The Honourable Mr. Jyotananath.
Jagdish Prasad, The Honourable Rai
Bahadur Lala.
Johnson, The Honourable Mr. J. N. G.
Khaparde, The Honourable Mr. G. S.
Mehrotra, The Honourable Rai Bahadur
Lala Mathura Prasad.

Miller, The Honourable Mr. E.
Murphy, The Honourable Mr. P. W.
Naidu, The Honourable Mr. Y.
Ranganayakalu.
Natesan, The Honourable Mr. G. A.
Noon, The Honourable Nawab Malik
Mohammad Hayat Khan.
Pandit, The Honourable Sardar Shri
Jagannath Maharaj.
Russell, The Honourable Sir Guthrie.
Shillidy, The Honourable Mr. J. A.
Stewart, The Honourable Mr. T. A.
Taylor, The Honourable Mr. J. B.
Varma, The Honourable Mr. Sidheshwari
Prasad.

NOES—7.

Basu, The Honourable Mr. Bijay Kumar.
Benthall, The Honourable Sir Edward.
Dutt, The Honourable Rai Bahadur
Promode Chandra.
Ghosh Maulik, The Honourable Mr.
Satyendra Chandra.

Hossain Imam, The Honourable Mr.
Kidwai, The Honourable Shaikh Mushir
Hosain.
Padshah Sahib Bahadur, The Honourable
Saiyed Mohamed.

The motion was adopted.

Clauses 2, 3 and 4 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. J. B. TAYLOR : Sir, I move :

"That the Bill further to extend the operation of the Salt (Additional Import Duty) Act, 1931, as passed by the Legislative Assembly, be passed."

The motion was adopted.

STATEMENT OF BUSINESS.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House) : It is desirable, Sir, that the Finance Bill which has been laid on the table today should be passed by the 1st April, that is to say, not later than Saturday next. Since therefore the debate on the Bill may occupy more than one day, I would suggest that the Bill might be put down for Friday next with one day's curtailment of the normal period of notice. Should this suggestion be accepted, Government would not, of course, attempt to insist on the full two days' notice of any amendments which Honourable Members may desire to move. I would however ask Honourable Members to be good enough to give notice of amendments as soon as possible in case they desire to do so.



THE HONOURABLE THE PRESIDENT : I am prepared to accept the suggestion of the Honourable the Leader of the House as it is most expedient that we should deal with the Bill as early as possible. Further I would like to ascertain the sense of Honourable Members if they would like me to suspend the rule. I would like to know their decision.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muham-madan) : Sir, we have no objection to the notice period being shortened but could the Government not give us time till Monday ?

THE HONOURABLE THE PRESIDENT : It is not possible because the Bill must be passed before midnight on the 31st March.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR (Madras : Muhammadan) : I agree on behalf of my Party.

THE HONOURABLE MR. E. MILLER (Bombay Chamber of Commerce) : We have no objection.

The Council then adjourned till Eleven of the Clock on Friday, the 31st March, 1933.

COUNCIL OF STATE.

Friday, 31st March, 1933.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

INDIAN FINANCE BILL, 1933.

THE HONOURABLE MR. J. B. TAYLOR (Finance Secretary): Sir, I move :

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax, and further to amend the Indian Paper Currency Act, 1923, as passed by the Legislative Assembly, be taken into consideration."

Sir, I know that this House is anxious to get to business ; so I will not delay it with a lengthy speech at this stage. I have already given a general picture of the position when the budget was first introduced a month ago and there is such an exhaustive list of amendments that I shall have sufficient opportunity later of indicating my views on points of detail. There is, however, one point which I should like this House to bear in mind throughout the discussion. The importance of a balanced budget has never been more apparent in the world than today. The budget which we originally presented provided for a surplus of Rs. 42 lakhs. That, in all conscience, is small enough when one remembers the unexampled vicissitudes to which commodity prices and Government revenue are liable at a time like this and when one remembers that our total budget is Rs. 125 crores. That surplus of Rs. 42 lakhs has been further reduced by Rs. 17 lakhs by action taken in another place in respect of income-tax on the lower ranges. That reduces the surplus to Rs. 25 lakhs, which I think everybody will recognise as the very lowest possible which we can call even a moderate margin of safety. The importance of a balanced budget has been recognised by the investors throughout the country. The price of Government paper at the time when we introduced the budget was about 83 per cent. It was quoted yesterday at 87½. Our 1960-70 Loan, which closed simultaneously with the introduction of the budget, has risen from about 93 up to practically par. Business was done yesterday in Calcutta at Rs. 99-12-0. That shows the value which the investing classes attach to a balanced budget and sound finance and I have every confidence that this House will take the same view.

Sir, I move.

THE HONOURABLE THE PRESIDENT : Motion made :

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax, and further to amend the Indian Paper Currency Act, 1923, as passed by the Legislative Assembly, be taken into consideration."

[Mr. President.]

To this consideration stage, notice of two amendments have been given by the Honourable Mr. Hossain Imam. They are Nos. 1 and 2 on the list of amendments. With reference to the first amendment standing in the name of the Honourable Member, I may remind the House that a number of rulings by my predecessors have established the position that it is within the discretion of the Chair to allow or to refuse to allow the moving of dilatory amendments for which no provision is made in the Rules or Standing Orders. On the present occasion, the Honourable Member's amendment is on all fours with the amendment which he sought to move on the 6th October, 1931, to the motion for consideration of the Indian Press Emergency Powers Bill ; that is to say, the amendment seeks to nullify the direction given for good reason by the Chair that the consideration motion should be placed on the paper for today, and if only for this reason I must decline to allow the Honourable Member to move this amendment.

As regards the Honourable Member's second amendment, it is in order in so far as it proposes reference to a Select Committee, but is in conflict with sub-order (2) of Standing Order 39 in so far as it proposes the election of the Select Committee by the single transferable vote, a procedure which under the Standing Orders is available only in the special case of a Select Committee on draft amendments to the Standing Orders. If the Honourable Member still desires to move an amendment for reference to Select Committee, he should move simply that the Bill be referred to a Select Committee. The Honourable Member is now entitled, if he so desires, to move his amendment No. 2.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, I rise to move :

“ That the Finance Bill be referred to a Select Committee of this House. ”

I bow to the ruling of the Chair, and I do not propose to delay the House long over this motion. The idea underlying my motion for reference to Select Committee is to ventilate our grievances that Bills are not referred to a Select Committee in this House, and as this is the first Bill which has come to us which has not been referred to a Select Committee by the Assembly, I thought that we might take this Bill to a Committee. We are debarred from referring to a Select Committee any Bill which is referred to a Select Committee by the Assembly. There are a number of other reasons for referring this Bill to a Select Committee. In the first place, the Indian Salt Act which it seeks to amend says in section 7 that the Governor General in Council may from time to time by rule consistent with this Act impose a duty not exceeding Rs. 3 per maund of 82 lbs. on salt manufactured in, or imported by land, into any part of British India. This was a power given to the Governor General in Council, but is now included in the annual Finance Bill. In this Bill, Sir, the specific duty of Rs. 1-4-0 per maund is fixed, but the surcharge which was imposed by the Indian Finance (Supplementary and Extending) Act, 1931, is not reimposed by this Finance Bill, because it is thought that section 5 of that Act gives ample scope for the imposition of the excise duty. This may be consistent with the letter, but it is not consistent with the spirit of the amendment that was made in order to make the salt duty an annual affair. By taking it away from this Bill, we have been debarred from moving any

amendment reducing the surcharge. It is specifically provided in the Constitutions that the Legislature has the right to refuse supplies, where they are votable, and if we are debarred from doing so, it is because a ruling has been given in the other place that sections which are not incorporated in this Bill, although they might affect, cannot be amended. Therefore, Sir, I wish that though section 5 at the moment may allow the Government to impose the surcharge, its non-inclusion has debarred us from moving amendments. I propose, therefore, that this Bill be referred to a Select Committee.

THE HONOURABLE MR. J. BARTLEY (Government of India : Nominated Official) : Sir, on the point which the Honourable Member has just made with reference to the incidence of the surcharge on the tax imposed by section 2 of this Bill I cannot see that he will find very much support for his motion for a reference to Select Committee. Suppose that in clause 2 of this Bill a tax had been imposed of such amount as to include in it the additional amount now imposed on the tax here specified by reason of the Finance Acts to which he has referred, then those Acts would still apply and would have the effect of still further enhancing the duty imposed by this section. The Legislature and the Members of the Legislature must I think be given credit for understanding the implications of this clause as it stands, and for understanding that this tax of Rs. 1-4-0 per maund is subject to the surcharge. The amount of tax here imposed is calculated with reference to the surcharge which will afterwards fall upon it by virtue of the Finance Act. Therefore, if that is the only reason which the Honourable Member can advance in support of his dilatory motion to refer this Bill to a Select Committee, I think he is standing upon very unstable ground.

Sir, I oppose the motion.

THE HONOURABLE RAI BAHADUR PROMODE CHANDRA DUTT (Assam: Non-Muhammadan) : Sir, I confess that I have been rather disappointed by the way in which the Honourable Member has moved his amendment. I thought, Sir, the amendment had reference to the fact which is admitted that taxation is heavier than the country can be expected normally to bear. I am quoting the exact words of Sir George Schuster, and I thought the Honourable Member would ask that an opportunity should be given to this House to scrutinise the proposals contained in the Finance Bill. But that is not what he is intending, and as such, Sir, I find it difficult to support his motion.

THE HONOURABLE THE PRESIDENT : Amendment moved :

“ That the Finance Bill be referred to a Select Committee of this House. ”

The question is :

“ That that amendment be made. ”

The motion was negatived.

THE HONOURABLE THE PRESIDENT : The discussion will now proceed on the consideration stage of this Bill.

THE HONOURABLE MR. HOSSAIN IMAM : Sir, the Finance Bill is an occasion for the ventilation of our grievances, and for that reason, Sir, I also do not wish to confine myself to the specific measures recommended by the Finance Bill but to make a general criticism of the financial policy of Government

THE HONOURABLE THE PRESIDENT : I must point out at this stage that I propose to strictly confine Honourable Members to the Finance Bill now before the Council. I have given the Council Members very adequate and full opportunity to speak on the general financial policy of the Government of India during the budget discussion, and I think it is the usual practice in the case of the Finance Bill to limit the criticism to points involved in the Bill. I will therefore request Honourable Members to confine themselves to the provisions of the Bill.

THE HONOURABLE MR. HOSSAIN IMAM : With due respect, Sir, to your ruling, I would like to remind you that under the English constitution the ventilation of grievances on this occasion is permitted. However, I will confine myself only to the specific points raised in this Bill.

Sir, the first point I will deal with is the imposition of the 25 per cent. surcharge on income-tax. The justification of this surcharge was an emergency which it was thought would be of short duration, of one and a half years. But that short duration has been extended by another year. The cut in salaries has however been halved and we have made demands on Government to reduce the surcharge in the same ratio. The Government's reply that it would involve too great a reduction in their income is not substantiated, because they have ample resources at their command which could be utilized to balance the budget even if the surcharge was reduced by half. In this connection I would like to remind the House that there is a specific provision of Rs. 78 lakhs for payment towards the English war loan, which we are not called upon to pay this year. The English Government has not demanded it. Besides this there is a provision of Rs. 84 lakhs for the payment of interest on the War Loan which is still lying with the Government because the English Government has given them to understand that until there is a settlement with America they are not going to ask their debtors to pay. These two items themselves make up a goodly sum. Besides these there is ample opportunity for reducing expenditure through the reduction of interest charges which we are now paying. That is a factor which was not taken into account in full when the budget was presented to us, and how great that amount is no one can say until the complete scheme for the conversion and reduction of debt has come into effect. The provision for reduction and avoidance of debt too is rather heavy, inasmuch as the Government, when we fixed it up eight years ago, contemplated receiving a good sum of money from the Railways, almost about equal to the disbursement on account of reduction and avoidance of debt. That income has stopped on account of the difficulties of the Railways who cannot make their contribution. As it is well known, Sir, that nearly 75 per cent. of our debts are represented by tangible assets like Railways, it is necessary to make provision only for that portion of the debt which is non-productive and a deadweight on the country. And that deadweight, according to the figures of the Finance Member is Rs. 206.69 crores. On those lines the necessary provision could be met with an expenditure of Rs. 2½ crores instead of the Rs. 6.84 crores which we are making provision for now. It will no doubt be contended that it is a sort of insurance, but my complaint, Sir, is that this provision has not been utilised for the purpose for which it was meant, and I will give specific figures to substantiate my claim. Sir, on the 31st March, 1930, our debts not covered by any assets amounted to Rs. 177.49 crores according to the Memorandum of the Finance Member at the last page and on 31st March, 1933, we expect that it will be Rs. 206.69 crores, so that there is an excess in the debt of Rs. 29.29 crores in the period of three years. Within this period of three

years, we had two years of deficits and one year of surplus. The deficit in 1930-31 was Rs. 11·58 crores and in 1931-32 it was Rs. 11·75, making a total of Rs. 23·23 crores. Subtracting from this sum the surplus of 1932-33 which amounts to Rs. 2·17 crores, we had an excess of Rs. 21·16 crores in the expenditure side. But in these three years we have made provision for reduction and avoidance of debt which come to a total sum of Rs. 19·87 crores. So the deficit is counterbalanced by a contribution for reduction and avoidance of debt and the real deficit in these three years is only Rs. 1·29 crores. But we find that the excess of deadweight of debts is Rs. 29·29 crores, which means that Rs. 28 crores are unaccounted for. How they have increased I for one have not been able to understand. I should be very much obliged to Mr. Taylor if he will explain these figures. I have taken into account all the assets and cash balances and after that from his own statement I find that Rs. 28 crores remains unaccounted for. This is not only a deadweight added to our head, but for each year we have got to pay something more than a crore in interest charges for this amount. Sir, for the reduction of the expenditure there is a very suitable—although perhaps Government will not agree to this—way of counteracting this by making controlled inflation of currency. I have been advocating this for the last two years and I am very glad to find that the Government has done a little towards this, but my own position is that we wish that the 1928 position should be re-established. All the contractions in currency effected since 1928 should be counterbalanced now by expansion to bring it up to the 1928 level. If controlled inflation of currency is made we would have an additional income from the Currency and Mint Department. Here, Sir, I should like to refer to a part of the speech of Mr. Taylor made on the 28th February, 1933. There he said in defending the policy of the Government that our external securities ought to have been Rs. 63 crores, whereas we have only Rs. 35 crores. Therefore we have got a leeway of Rs. 28 crores. His language was clear and I cannot find any fault, but I can say this much—

THE HONOURABLE MR. J. B. TAYLOR : On a point of order, Sir. Is the Honourable Member talking to the Bill ?

THE HONOURABLE THE PRESIDENT : What I meant by my ruling was that I will not permit Honourable Members to go into a hundred and one subjects which indirectly may reflect on the Bill, but the observations which the Honourable Member is just making are quite appropriate in order to explain the real financial policy of the Government.

THE HONOURABLE MR. HOSSAIN IMAM : Sir, the Reserve Bank Bill of 1928 made specific mention of what they meant by external securities. The wording is "gold bullion, gold coins or gold securities" and it was never contemplated that sterling after being divorced from gold would be included in the category of securities which the Reserve Bank requires. There was specific provision in that Bill that American Federal Reserve Bank securities and dollar securities may be taken in the category of gold securities. The provision was specifically made in section 25 that gradually the amount of gold would be increased and the amount of securities decreased. It was only because it was thought impossible to have all the gold because it was not sufficiently paying to have gold only in our reserve that a provision was made for gold securities. The specific provision which allowed sterling securities to be included in this category was probably made because of the fact that England was then on a gold basis and there is a specific provision that only these securities ought to be bought which are repayable in gold coins.

[Mr. Hossain Imam.]

Therefore, Sir, I think all this defence about our requirement of external securities and not going in for gold has not the backing of the Reserve Bank Bill. In this connection I should like to remind the House of the practice of the Bank of England. The Bank of England is buying gold although England is off the gold standard. There is no harm if India also embarks on a similar policy. There is this to be said about it, that the gold which we will buy we will buy at a higher rate but then the value that we will show in our books will be the standard rate. That difficulty is being encountered in England too. There they have got the exchange equalization fund. Here we could make up by *ad hoc* securities. I should like to remind the House that there is a consensus of opinion on the imposition of a small export duty on gold, so that we may be able to purchase gold without having keen competition with the other markets and in this connection, Sir, there was unanimity of opinion between Europeans and Indians at least on this and I am really surprised that the Government does not admire the unity in this connection of all the non-official Members.

Sir, there is one thing on which we feel very strongly. It is about the disregard which the Government of India at present shows to the needs and requirements of the eastern provinces. Since they have left Calcutta and have come to Delhi, they have become strangely irresponsible to the appeals coming from the eastern provinces. Sir, it is an obvious fact that the commodity prices have fallen very low, that Indian agriculturists are in great difficulties, that the purchasing power of the world is reduced. With all these admitted facts, I ask what steps the Government has taken to alleviate the condition of our eastern provinces? The rice export duty stands where it was. The jute export duty which was a small proportion of the price then prevailing now consumes about 24 per cent. of the price of jute given to the agriculturist. This tax, Sir, does not fall on those who import our goods. It falls on the producer because of the fact that rice is not a monopoly production. There is keen competition, with the result that it reduces further the already reduced prices prevailing in the countryside. Jute also, though a monopoly product, is replaceable by other things. The result is that there too Bengal is suffering a terrible loss on account of the fall in prices. In a democratic country it is not only a balanced budget which is a criterion by which to judge of good government. It is the well-being of the country too. And on that basis this Finance Bill will show that there is no stability and no prosperity and no contentment in the country.

Sir, I have only one word more to say and then I have done. I find, Sir, that when we try to increase the Government's income Government comes down upon us and is not willing to take the extra money we offer. A motion will be moved later on about sugar candy which will give Government a great deal of money, and as we are prepared, Sir, to pay them ten times the amount of money we wish them to spend, I think they will not think we are making a proposal which will entail any deficit to the Government. I refer, Sir, to the small amount of Rs. 71,300 which has been reduced from the University grants. The four Universities of Calcutta, Benares, Aligarh and Delhi have had their grants cut by 10 per cent. by the Finance Bill in spite of their opposition and appeals to Government to be more generous. This small sum of money, Sir, will not go a long way to make up the deficit of Government. It will simply show that the Government was really sympathetic and wanted to do something for the people of India. As a contrast I will cite only one example which occurs on page 244 of the Demands for Grants. In the provision

for Bombay lighthouses we find that the actual expenditure for 1931—1933 was Rs. 33,332 while the budget figure this year is Rs. 46,700, an increase of 40 per cent. is made in one place but in the Education Department the Government must reduce the expenditure by 10 per cent. to show that they are really anxious to reduce their expenditure. My point is that Government has not given effect to all that we have suggested. For instance, they have not amended the leave rules. There is an ample amount of money going to be saved when the leave rules are amended. There is ample money to be saved if other measures which have not been accepted by Government are accepted.

For these reasons, Sir, we do not see our way to support the Finance Bill.

THE HONOURABLE RAI BAHADUR PROMODE CHANDRA DUTT : Sir, I regret I have not been able to realise the full implications of your ruling. Your ruling is that we must confine ourselves to the Finance Bill. Does it mean that we must confine our discussion to the proposals contained in the Finance Bill in regard to taxation or is it open to us to travel beyond that and say for instance that no Finance Bill would have been necessary if the Government had followed a rigid policy of retrenchment ?

THE HONOURABLE THE PRESIDENT : I think I have made myself sufficiently clear on the point. This House had abundant opportunities of discussing the various policies of the Government of India in matters of Railway and General finance. It is expedient, when the Finance Bill comes up for discussion, that Honourable Members should confine themselves as far as possible to matters affecting the questions involved in the Bill. All I said was that there are a thousand and one questions which may be brought forward to be discussed under the cloak of the Finance Bill and which I will not permit, but a reasonable latitude will be allowed to Honourable Members with reference to certain provisions of the Bill if they have to make some stray remarks in connection with or in explanation of what they wish to say.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA (United Provinces Central : Non-Muhammadian) : Sir, I rise to associate myself with some of the remarks made by my Honourable friend, Mr. Hossain Imam. The Members of the House know that this Finance Bill was introduced in 1931 in extraordinary circumstances, and the duration of this Bill was also made extraordinary, that is, 18 months. The grounds generally proposed for the introduction of this Bill by the Honourable Finance Member in the Lower House were three. Firstly, he wanted that the responsible Minister of the reformed Government should get a balanced budget when he may take charge. Secondly, he laid great stress on the fact that the credit of India should be high. It should not go down in the estimate of other countries, and thirdly, so far as these proposals for taxation were concerned, he said that taxation should be levied on all classes ; equally without any distinction. Those were the three fundamental points on which he based his whole policy in introducing the Finance Bill in 1931. We were under the impression that the extraordinary emergency would be over after 18 months but what we find, Sir, is that the same taxation proposals have again been introduced in the House for giving a further lease of life for a year more. Sir, when Government first introduces any taxation measure, they always say that it is temporary but by and by it becomes a permanent feature and hence very difficult to get rid of it whenever it is desired.

[Rai Bahadur Lala Mathura Prasad Mehrotra.]

Now, Sir, I will take the points one by one that I have just mentioned and on which great stress was laid by the Honourable Finance Member in introducing the budget. The first point that I mentioned was that the responsible Minister should get a balanced budget. I will just ask the Honourable Members of this House whether the Minister will be responsible at all or will be as irresponsible as the present Members of the Government. We have received since then the proposals of His Majesty's Government and further a debate has also taken place in the House of Commons which has confirmed the ideals of the responsible government that the British Government wants to give to this country. Sir, coming events cast their shadows beforehand and we were right in criticising the White Paper on the ground that we would not get even the shadow of responsibility, not to speak of the substance. I will not go into the details of this question, in deference to your ruling, Sir, but it is quite easy to prove that it was not a right conjecture of the Honourable Finance Member that the Finance portfolio would be handed over under the reformed constitution to a responsible Minister.

The second point was that the credit of India should be high in the eyes of other nations and be not affected. Sir, conditions have improved during these 18 months. If Honourable Members apply one or two tests, they will find a ready answer. Government have just floated a conversion loan of 4 per cent. and they were successful in getting more than Rs. 33 crores at 4 per cent. Besides, Government securities are daily going up. These two points alone show that the credit of India is quite high and that there is no doubt about it.

The third point was that taxation should be equal on all classes. This has been infringed greatly by the policy of the Government. The 25 per cent. surcharge, as mentioned by my Honourable friend, was levied along with the 10 per cent. cut on the salaries of Government officials. The cut has been reduced by half without consulting the Legislatures and before the budget was placed before both the Houses, while the 25 per cent. surcharge is still included in the Bill. It was but fair and equitable that Government ought to have also reduced this surcharge by a half with the restoration of half the cut in salaries.

Sir, with the introduction of the Montagu-Chelmsford reforms, the expenditure of the Government went very high, so much so that in 1920-21 it went up to Rs. 89·83 crores, and this was due not only to the rise in the civil administration charges but also greatly to the army expenses. It was quite reasonable at the time of the Great War to increase the expenditure both on the civil and military side, but after that, the policy of the Government ought to have been to make reductions and to bring the expenditure substantially, if not equal, to the pre-war level. This has not been done. The financial crisis on account of the war, the economic crisis in the whole world and the agricultural crisis compelled the Government in 1931 to make some reductions, and even in that year the expenses were only reduced to the extent of Rs. 64·89 crores. Sir, I admit that a reduction of Rs. 5½ crores was made in the Army Department, but that reduction did not satisfy a large section of my countrymen. What they think is that there should be another reduction of at least Rs. 15 to 20 crores in that Department, and unless it is done, there cannot be any relief to the taxpayers. The Finance Bill that is being introduced in this House will become a recurring feature of the Government every year, and the burden of taxation, high as it is, will go up year after year. Sir, the strength of the army that is being maintained here is not needed for India. It is, I am

sorry to say, being maintained chiefly for imperial purposes. Only the other day I brought to the notice of the Government by putting some questions the necessity of publication of the Capitation Tribunal's report. Government have not published it. They say that it is under consideration, but they do not say whether it will be published or not. It is only fair to publish the report and let the public know what the Tribunal has had to say on that point. The Government's acceptance of the proposal might be under consideration, but I do not see any reason why the report itself should not be published at once. This itself shows that the balance is in favour of India and not of Great Britain, and I hope that when the report is published, it will come out, as expected, and the army expenditure of my country will go down to an appreciable extent.

Sir, there is a general talk of disarmament, but it is forbidden ground so far as India is concerned. I will, for the opinion of this House, quote certain figures which will show what is the incident of expenditure on the army in India in proportion to the revenue and what is the incident of expenditure in other countries in proportion to their revenue. In India we are spending 33 per cent. of our revenue on the Army Department ; in Great Britain 23·6 per cent. ; in Australia 3 per cent. ; in Canada 3 per cent. ; in New Zealand 5 per cent. ; in South Africa 3 per cent. ; and the Irish Free State 6 per cent. You will see that we are spending more than eight or ten times what other Dominions are spending for the maintenance of their armies in proportion to their revenues. I believe, Sir, that unless a substantial cut is made in the Department, there will be no relief to the taxpayers.

THE HONOURABLE KHAN BAHADUR DR. SIR NASARVANJI CHOKSY : I want to know whether the calculation is based on the revenue of the central Government alone or on all the provinces and the central Government combined ?

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : On the total income.

THE HONOURABLE SIR EDWARD BENTHALL : Including the provinces ?

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Yes. Sir, finally I will suggest that these taxation measures should not be given any further lease and other methods should be adopted which I will mention now. There should be a further reduction in the civil and military heads. Some drawings should be made from the sinking fund. Whatever more be required then to balance the budget may be borrowed, as is being done in other countries, rather than that the people who are already overtaxed should have further taxes put upon them.

In consideration of these facts, Sir, I hope the House will support us when we are moving amendments to different clauses.

THE HONOURABLE MR. E. MILLER (Bombay Chamber of Commerce) : Sir, this House is sometimes adversely criticised for the short duration of its sittings and for its infrequent meetings, but I do not consider that this casts any reflection on our efficiency or statesmanship ; rather does it tend to show how businesslike we are and I am proud of our reputation. I do not therefore propose to waste your time, Sir, nor the time of the House by speaking at length,

[Mr. E. Miller.]

Now, while I fully appreciate that the first duty of the Finance Member is to endeavour to raise sufficient revenue to at least balance the budget—and I take this opportunity of again congratulating the Finance Member on having done so this year—I hope he will not mind if a mere amateur like myself expresses some doubt as to whether in some instances the method adopted was the best.

It is because I feel this that I once again raise a voice of protest against the heavy taxation imposed on motor transport. There is no industry which bears such a load of taxation as that levied on motor transport and the accessories connected with it, but the Finance Member has resisted all attempts made to persuade him to reconsider this matter, mainly on the grounds that the falling off of imports in motor cars and lorries and the reduction in the consumption of petrol, etc., are merely due to the trade depression and the fact that a superfluous number of motor vehicles were on the road before the slump set in. It is very easy to take up this attitude when one wishes to have one's own way, but I can only say that it is most unconvincing and, in my opinion and in the opinion of most people, it is a very short-sighted policy to continue this heavy taxation during the ensuing year. As I have already stated on a previous occasion, in my opinion a further all-round reduction of 10 per cent. should be made in the import duty on motor cars and lorries. This would, I believe, give the necessary impetus to trade which would very shortly compensate Government for any temporary drop in revenue.

Another matter to which I should like to refer is the surcharge on income-tax. I wish to repeat my previous request that no further restoration of the cut in pay of those in Government service will be considered until such time as simultaneously, substantial relief in the income-tax surcharge is granted.

The Honourable the Finance Member at the last annual meeting of the Associated Chambers of Commerce, invited suggestions as to alternative methods of raising revenue if the existing taxation was in any way reduced, and I believe many have been submitted from various sources, amongst which might be mentioned an export duty on gold (although the opportunity to impose this seems to have been missed) and death duties. It has been submitted that death duties is a provincial matter, but I do not see why it should be so. It appears to be obvious that such a duty, if imposed would have to be worked in conjunction with income-tax so that it should be an all-India scheme although some contribution from the proceeds might be made to provinces.

The only other point I wish to make, which I feel sure will eventually result in increased revenue, is the urgent need for the encouragement of development schemes. I know that the Honourable Sir George Schuster is in full sympathy with such proposals and so I will not enlarge on these but only mention the point in order to keep the idea alive and before the public and Government.

Now, Sir, if I am to keep my promise not to take up the time of the House, I must conclude my remarks and in doing so I support the Bill, not because I like it, but because at this stage it would appear to be futile to reject it.

THE HONOURABLE MR. VINAYAK VITHAL KALIKAR (Central Provinces : General) : Sir, when this Bill was introduced in 1931 it was said that it was an emergency measure and we all expected that when the emergency disappeared we would not be called upon to give our support to this kind of Bill. Sir, to some extent Government has indirectly admitted that the

emergency has disappeared, because they have restored half the salary out which was then imposed along with the increased taxes. I fail to understand, if the emergency has to that extent disappeared, why they have not reduced the taxes on income and other things. The taxes are still there. I am thankful that Government have at least assented to the measure adopted in the Lower House reducing income-tax on incomes ranging between Rs. 1,000 and Rs. 1,500 from 4 pies to 2 pies. But then, Sir, Government ought to take into consideration the hardship poor people earning Rs. 1,000 or a little over per annum experience in paying the income-tax. I would bring to the notice of the House the case of poor shopkeepers and Government servants in my province who are members of undivided families and draw about Rs. 1,200 a year. I do not want to go into details, but I would like to bring these cases to the notice of the House because of the troubles which poor shopkeepers suffer under the procedure of the Income-tax Department which uses its own discretion as to what the shopkeeper has earned. I am not referring to big shopkeepers as you have in Delhi, but to small men who cannot even afford to keep a servant on Rs. 7 or Rs. 8 a month. These men have to pay whatever they are assessed, otherwise they are fined. So, I submit that the proposal to tax these people cannot be justified in any circumstances. These poor people can hardly afford to maintain themselves and their families. It is admitted that the purchasing power of the people has gone down, and I fail to see how the Government can think, as they do think, that people are in a position to pay the taxes which are being imposed willingly and without hardship.

It is said, Sir, that in order to maintain stability of finance these Bills are introduced and new taxes are being imposed. My

12 NOON.

Honourable friend, Mr. Mehrotra, just now stated that there is wide scope for curtailing the expenditure of Government on the civil side as well as on the military side. I do not want to go into details at this stage, but I only want to bring to the notice of His Excellency the Commander-in-Chief that at an Economic Conference held at Brussels it was stated that a country which spends more than 20 per cent. of its revenues on military expenditure is bound to come to trouble. So, taking this principle into consideration I think there is wide scope for curtailment of expenditure on the military side. If the various recommendations made by the Sub-Committee appointed by the Indian Legislature to go into the expenditure of the Government of India on the military side as well as on the civil side are given full effect to, I think Government would not have been required to bring in these taxation proposals. Sir, in this Bill, we find that duties are to be imposed on silk and artificial silk. I would like to know from the Honourable the Finance Secretary whether these duties are really protective duties or revenue duties and the effect of these duties on the silk industry of India. If the effect of these duties will be to encourage the silk industry in India, then, Sir, we will find no difficulty in supporting the proposal, but if instead of encouraging the silk industry in India they will be causing hardship to the consumer and the consumer will have to pay more, certainly we can state that these duties are not justifiable and therefore Government should not have imposed these duties on these articles. It is said, Sir, that on account of these emergency measures the balance of trade has been maintained and the stability of finance has also been maintained. If we take into consideration the flight of gold from India to England and other parts of the world, and if we take that fact away from our consideration, we think that there is no balance of trade; the figures that are available to me show that in fact the balance of trade was against India in the year 1932-33 by Rs. 2 crores. Of course, some people may say about the flight of gold that the people of India are in the habit of

[Mr. Vinayak Vithal Kalikar.]

hoarding gold and so the flight of gold is not a thing which should be complained of. I beg to differ from them, because instead of taking into consideration, the theory that is propounded about the necessity of not hoarding gold, the facts as they appear to me show that the poor peasants and the agriculturist come to the market to sell their gold for getting the bare necessities of life and surely that brings me to the conclusion that it is not the hoarded gold but the distress gold that is passing away from India. So, what I mean to submit is that by these emergency measures, and by these attempts on the part of the Government, there is not going to be peace and tranquillity in the country and these proposals for taxation will not in any way bring about a good situation, but it will to some extent create hardship and it will not in any way mitigate the hardship of the people.

Then, Sir, we see the proposals for increasing the rates for postcards and envelopes. It is said, Sir, that the Post and Telegraph Department ought to be self-sufficient and it ought to maintain itself. I submit, Sir, that if the rates are reduced, the income would be greater than it is at the present time. So long as the purchasing power has not gone up, so long as the people are experiencing the depression regarding prices in their agricultural products, it is very difficult to spend more even when there is a necessity to write letters and instead of writing four letters people will, when it is necessary, write one. My point is, by reducing rates you can get more revenue. I therefore submit, Sir, that before the Government make up their minds to introduce these taxation proposals, they ought to have examined the financial condition of India and they ought to have carefully examined whether the purchasing power has gone up and then they should have introduced these taxation proposals. The purchasing power of the people of India has not to any extent increased, but it is going down day by day. So, Sir, under these circumstances, I think they were not justified in introducing these taxation proposals.

With these words, Sir, I conclude my remarks.

*THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan): Sir, my friend, the Honourable Mr. Miller, while speaking on the Finance Bill, referred to the imposition of death duties. All his speech was meant to reduce taxation, but not to increase it. Taxation is now heavy and unbearable and no extra duty should be considered or conceived of at this moment. I endorse everything which the Honourable Mr. Miller said, except this new imposition of death duties.

Sir, I had no mind to speak on this Bill at this stage but being in doubt as to the fate of my amendments Nos. 5 and 6, I take this opportunity of addressing this House on those points in case my amendments are ruled out by the Chair.

Sir, at present our trade and industry is suffering very badly from the effects of the dumping of goods from foreign countries. Sir, we are practically at the end of the session and the Government of India so far have not arrived at any final decision regarding the measures which they intend to adopt to stop dumping and thereby to save the industries of India from disaster. Sir, it is now well known that the textile industry, the woollen industry, the sugar candy industry, the hosiery industry, the cement industry, the paint industry

* Speech not corrected by the Honourable Member.

and many other industries are in a very bad way and are feeling the effects of dumping owing to the depreciated value of the Japanese yen. I might mention, Sir, that I gave some figures as regards the import of Japanese cotton piecegoods. I will now take this opportunity, Sir, to show to this House how the Japanese have dumped woollen goods into this country. Sir, in 1930, for the 12 months imports from Japan of woollen piecegoods were 610,406 yards and in 1932 for the same period the imports were 1,259,840 yards. In 1930, Sir, the value of these piecegoods in rupees were 331,690 while for almost double the quantity in 1932 the price was Rs. 628,201. Sir, on March 1st, you increased the duty on art silk to annas four per yard. On that very day Japanese art silk was being sold at 2 annas 11 pies per yard f. o. b. Calcutta. Ten days later it was being offered at 2 annas and 1 pie per yard to overcome the enhanced duty. That is a reduction of about 29 per cent. which nullified altogether the protective duty. Sir, there is only one way of counteracting this and that is to refrain from enhancing the tariff but to fix the duty the same for all except only for the Ottawa Agreement, a certain preference for England, but to fix exchange in some definite standard.

THE HONOURABLE THE PRESIDENT: Please do not anticipate the fate of your amendment. You can make observations with general reference to the Finance Bill.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Therefore, Sir, I wish the Honourable Mr. Taylor to tell this House when the Government is likely to come to a decision as regards the prevention of dumping by foreign countries. In the local papers we see that the anti-dumping Bill is coming. May I ask the Honourable the Finance Secretary whether that news is correct and if it is when that Bill is likely to be laid before us.

Sir, this extra emergency Finance Bill was a measure for an emergency but it has proved to be a permanent measure. Then, Sir, His Excellency the Viceroy in the case of emergent powers is restricted to six months. After six months the emergency ceases but as far as this extra taxation is concerned, the emergency goes on and goes on. Therefore, Sir, it is time now that this Bill should not be called the emergency measure Bill but a permanent measure Bill so that the people may know where they stand. (Hear, hear.)

Sir, the Honourable the President, from what I understand from him, will perhaps allow me to speak on my amendments, to have my say on my amendments even though I may not be allowed to move them. If that is the case—

THE HONOURABLE THE PRESIDENT: I cannot allow you to anticipate your amendments at this stage. I have already mentioned to you that if you wish to make general observations on the Finance Bill irrespective of your amendments I will allow that.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Then, Sir, in that case I would like to deal with the sugar candy industry in the first instance. Sir, the Indian Tariff Board in paragraph 98 on page 97 say :

"In Formosa, where in the course of a relatively short period the Japanese Government has built up a flourishing industry which now enables Japan practically to dispense with imported sugar, a policy of subsidies of various kinds was adopted. In a period of 16 years between 1902 and 1917, the Japanese Government spent 11,178,713 yen or about Rs. 1½ crores on this object. The average expenditure was thus about Rs. 9 lakhs a year giving an incidence on the 300,000 acres under cane of about Rs. 3 per acre".

[Rai Bahadur Lala Ram Saran Das.]

Sir, in India we have about a thousand sugar candy factories and the present effect of the protective duties is that instead of getting our proper revenue we are losing revenue because of the depreciated value of the exchange and the calculation being based on that exchange basis. Therefore, Sir, I would suggest that the Government ought to be armed with extra powers to deal with this dumping matter in a befitting manner. I would suggest for their consideration that we might copy the Australian Act in this respect. There, Sir, is a provision that if the Minister is satisfied after inquiry and report by the Tariff Board that the exchange value of the currency of the country of origin of any goods has depreciated and that by reason of such depreciation goods have been or are being sold to an importer in Australia at prices which will be detrimental to an Australian industry, the Minister may publish a notice in the Gazette specifying the country as to the exchange value of the currency of which he is so satisfied and the goods originating in or exported from that country—

THE HONOURABLE THE PRESIDENT : The Honourable Member is now anticipating the debate on that point. I would ask him not to dilate on it.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Sir, I do not want to take up the time of the Council any longer and so I resume my seat in the hope that the Government will before the end of this session announce their policy in this matter.

THE HONOURABLE SIR EDWARD BENTHALL (Bengal Chamber of Commerce) : Sir, I do not intend to talk on the subject of dumping, but I should like to endorse the anxiety which is felt by the industries of this country in connection with the delay in taking action regarding imports from countries with a depreciated currency. The session of the Legislature is drawing on and if no action is taken in the immediate future, no action can be taken till September, and that is causing considerable anxiety.

With regard to the remarks made by the Honourable Mr. Mehrotra, he said that the military expenditure of this country came to 33 per cent. of the total budget of the central and provincial Governments combined. These figures were put up at an earlier stage of this debate and possibly the Honourable Mr. Mehrotra was not in his place at that time. I think it is necessary again to do what I did then and to deny the correctness of those figures. I believe that the total budget of this country, provincial and central, comes to some Rs. 200 crores and the defence expenditure is some Rs. 46 crores. I make that as a percentage of 23 and not 33. It may be argued of course that that figure, even so, is extremely high. The Honourable Mr. Kalikar argued that any country which spends more than 20 per cent. of its budget on defence is looking for trouble. The answer to that is that each country has to take care of its defence according to the problems which are in front of it. There is no object in going over the ground which I went over in reply to the Honourable Mr. Natesan some time ago, and I refer the House to what I said on that occasion. I think that everybody is aware of the high burden of defence expenditure and every one desires to keep it down, including the army people, who we have repeatedly recognised have loyally contributed in reducing their budget.

As regards the Finance Bill, I think that this House has got to stand for canons of sound finance. The Lower House has cut out the tax on cheques and it has also reduced the income-tax. By this last measure, which, as the

Honourable the Finance Secretary has pointed out, has reduced the surplus from Rs. 42 to Rs. 25 lakhs, the limit of prudence has been reached, and I therefore support the Finance Bill as it stands now, in its entirety, without alteration. I stated previously that I was inclined to oppose the imposition of the stamp duty on cheques, but I mentioned that I have consulted my constituents and that my constituents did not think that a tax on cheques would in fact retard banking, which was one of the main objections to the stamp duty on cheques. I myself am inclined to agree, normally speaking, that a tax on cheques is a reasonable tax, and I have mentioned that I thought that the banks themselves are not opposed to the tax because it will tend to reduce the number of small cheques which are drawn on them.

THE HONOURABLE MR. G. A. NATESAN : Question ?

THE HONOURABLE SIR EDWARD BENTHALL : I think that is the opinion of the banks themselves.

THE HONOURABLE MR. G. A. NATESAN : As a matter of fact, many of the banks have protested openly and have sent us copies of their protest.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Why not introduce an amendment here to add the tax on cheques ?

THE HONOURABLE SIR EDWARD BENTHAL : I do not wish to do so, Sir. But I am glad that the tax has been thrown out, for one reason only and that is, as a protest of business interests against the imposition of further taxes on business. Business has loyally supported Government in the imposition of the surcharge on income-tax, because we thought it was necessary to balance the budget. But we find that business is constantly subjected to small pin pricks, a little bit of taxation on railway freights, a little bit of taxation on cheques, a little bit in connection with the various labour legislation that has been brought forward, a little bit on telegrams and a little bit of local taxation for port dues, and so on. All these things mount up, and I think it is high time that in a matter such as the stamp duty on cheques, which does not vitally affect the soundness of the budget, business interests should protest.

As regards the income-tax, I think the Lower House came to a wise decision in deciding to maintain the principle of spreading the burden of taxation as widely as possible and in not abolishing the taxation on incomes below Rs. 2,000. The Bill as it now stands maintains that principle, but the reduction on incomes between Rs. 1,000 and Rs. 1,500 is reasonable because it gives relief to a class of men who can never hope to earn very much more and who for the most part throughout the country have already had cuts of 10 to 20 per cent. at least in their salaries. But the principal reason why I support the Finance Bill is that I entirely agree with the Finance Member's speech in the Lower House when he said that it was far more in the interests of business in India that the budget should be balanced, that the credit of India should be maintained and that money should be cheap. I think that is the primary function of a Finance Member and I do not think that it is for the Council of State to support any further reduction of the balance of Rs. 25 lakhs which is now all that remains. I do not wish to reduce that balance any further, because I feel that the margin of safety has been reached, and I feel further as I stated previously in this debate, that unless Government take some active steps to stimulate business and a return of confidence, they are not likely to repeat the success in balancing the budget and showing a small surplus.

[Sir Edward Benthall.]

When I mentioned before that I thought that what was required was a far-sighted scheme of capital expenditure and when I accused the Finance Member of not practising what he preached, the Finance Member took me to task for misquoting him. Perhaps I did. Perhaps I should have made it clear that what I should have said was that the Government of India did not practise what the Finance Minister preached. He did, I think, in his reply go about a quarter of the way to meet me, while good humouredly ridiculing my scheme of far-sighted capital expenditure. Now, Sir, I do not want to repeat the arguments which I put forward then just for the sake of doing so, but I think this problem has a direct bearing on the budget and on the Finance Bill and I believe that what I say is correct. Since speaking on that occasion I have been reading the papers and I notice that those views are supported by Professor Keynes. Professor Keynes was reported in the *Statesman* about the 17th March. Broadly speaking, Mr. Cairns' thesis is that the malaise variously but consistently recognizable in falling prices, contracted incomes, diminished trade, rising taxation and obstinate unemployment will yield to nothing but a policy of confident loan expenditure upon schemes of capital development nationally fostered and internationally concerted. Now, Sir, Professor Keynes is not always an orthodox economist, but he has a disconcerting way of being correct and his views should be given the very greatest weight. He is supported in this theory, which he has been airing in the *Times* newspaper, by two such different people as Mr. Lloyd George and Sir Josiah Stamp. He is also supported by another eminent economist, who comes from the same College and the same University but who hitherto has usually taken opposite views, Professor Pigou, who, also writing in the *Times*, takes the line "When in doubt expand". He is also supported by the British Chancellor of the Exchequer, who in a speech reported on the 24th March said that Government were contemplating several large schemes of public expenditure and would sympathetically consider proposals put forward by industries and local bodies which would lead to increased employment. He is also supported by the *Economist*, a leading London journal which in its issue of the 25th February, referring to the general policy of the Government in Great Britain says :

"What is needed is a planned and concerted drive in which the Government, the local bodies and the building societies and the private builder must co-operate".

That is with particular reference to the same subject in its aspect of building schemes, and it goes on to cover other public schemes such as telephones, land drainage, afforestation and allotments, revival of the Trade Facilities Act, electrification of railways and other things. Now, that does not apply directly to India. We cannot copy them exactly. Here we have to adapt ourselves to such things as the development of roads, railways, electrification, irrigation, bridges and so forth. I do again appeal to Government in all earnestness to consider whether the time has not come to foster a drive of this sort, to foster capital expenditure of an earning nature which is likely to recoup the low interest charges upon which capital can now be raised. I do not propose to go into details, because last time I did so I had holes picked in most of the details. But I would press again for this "bold programme of far-sighted capital expenditure" and I am not ashamed of the term. I feel that if the Government of India would give a lead in this matter, would let it be known that they are prepared to back schemes of this nature and would encourage local Governments to go into schemes of this nature, great progress would be made. I feel certain then that those of us who are interested in business will undertake to set in motion the machinery to make suggestions to

Government and I feel certain the public would co-operate. Government's credit is still improving and I believe that later in the year a reconstruction loan for putting into operation a policy of this nature would make a sure appeal to the public. I again appeal to Government to give us a lead in this matter, for I feel that nothing would do more to lead to a revival of confidence which I believe would be the best guarantee of a balanced budget next year.

THE HONOURABLE NAWAB MALIK MOHAMMAD HAYAT KHAN NOON (Punjab : Nominated Non-Official) : Sir, I will just take two minutes. My Honourable friend Mr. Mehrotra when criticising the army expenditure compared the percentages of the revenue of the expenditure on army in different countries. I take the liberty to say that in the matter of the defence of the country it is not very important to compare the percentages of revenue. The main point is to consider what is the minimum necessary force required to defend the country. God forbid, if there should be a war, the enemy will never take the trouble to go into the budget entries. If he takes notice of anything it will be of the number of combatants and their fighting capacity. So, Sir, we have to depend upon our military experts' advice as to the minimum force necessary for the defence of our country and we should not criticise such expenditure and it is only the experts who can do it.

As regards taxation, I would be very happy indeed if all the taxation were done away with, and would be happier still if the Government could fix a reasonable sum per head of the population as subsistence allowance. If the Government could do this I am sure all of us will feel very satisfied. The only difficulty for the Government would be how to raise the money to run the administration, and if any one of us could make acceptable and practical suggestions regarding this, I am sure the Government will be equally happy. As this cannot be done I do not see any justification for recommending reduction in taxation without finding the means to augment the income required to run the Government. There has been no additional taxation this year. There has in fact been a reduction in income-tax in the case of incomes less than Rs. 1,500. The budget has been balanced by the Finance Department and I think we should be thankful to that Department.

Sir, I support the Bill.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras : Non-Muhammadan) : Sir, I should like to refer only to one or two features of the Finance Bill. It is a matter for gratification that the Lower House has reduced the minimum income-tax rate on incomes between Rs. 1,000 and Rs. 1,500, but I would have been happier if the taxable limit had been raised to Rs. 2,000, so that the middle classes, petty merchants, etc., would have been exempted. It is most unfortunate that the emergency measure which we thought was temporary has become a permanent fixture. The heavy surcharge of 25 per cent. is most regrettable and nothing has been done to reduce this heavy burden on business men in India. When Government restored 5 per cent. of the cut they seem to have forgotten the heavy taxpayers who have paid so far without grudging it. I hope the Finance Member will try to give them some relief next year. (*An Honourable Member* : Why not this year ?) It is too late. At this juncture I can only appeal to Government to give some relief in the next budget. Many of us in this House supported the emergency Bill on the ground that it would be a temporary measure. Unfortunately we never expected that it would be extended for another year ; we could say nothing about it but have to submit to

[Diwan Bahadur G. Narayanaswami Chetti.]

if for this year ; but we hope that the remedy due to the taxpayers will not be forgotten by Government during the next budget at least. Sir, coming to postal rates, I am only sorry that the poor man's necessities have been taxed. I would have been most happy if the other House had taken it up—I did see that there was some amendment, but it was defeated—and had retained the nine pies post card. As a matter of fact I know many who would use post cards freely are very reluctant to do so. The result is that there is a reduction of revenue under that head. I hope that the poor man will not also be forgotten at the next budget, I opposed the increased rate on post cards even in the emergency Bill.

Sir, coming to retrenchment, I would only say that Government ought to see that immediate efforts are being continued to retrench their expenditure as far as possible. Without retrenchment I know they could not very well come to the rescue of the overburdened taxpayers, particularly the income-tax payers. One other point. I should like to sound a note of warning about the Honourable Mr. Miller's suggestion. I do not think anybody would welcome death duties in India and I hope the Government of India would not seriously take that into consideration. I think everyone would oppose death duties and I do not think India would be content to pay any further duties. I am supporting the Bill, Sir, in the view that some relief will be given to the unfortunate taxpayer at least during the next budget.

THE HONOURABLE SIR EDWARD BENTHALL : Europeans pay death duties.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Indian Christians) : All Christians pay.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI : The other communities do not pay except Indian Christians.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House) : Sir, when the debate on this motion opened I was agreeably surprised to hear a suggestion made by the Deputy Leader of the Opposition as to being merciful towards the four Universities which I am in charge of. I felt that the conscience of this House was after all aroused and that they had realised that economy is good, retrenchment is admirable but the slaughter of infants and children is condemnable. Those Members who have distinguished themselves in this distinguished House by standing up for reasonable support of Government measures I have noticed with much regret, Sir, that in the matter of enforcing economy and retrenchment on the departments of Government hold the view that Government departments are existing not with the object of discharging certain functions and duties in the interests of the people but with the sole object of squandering finances just to suit their own whims. Sir, I and my colleagues of the Executive Council have not been on the best of terms with the Honourable the Finance Member and we have found him an extremely difficult person to please. Our relations, Sir, for some time now have been strained, with the result that we have given up hope that he and we think alike as to our needs. Our activities have been very considerably reduced—some of us feel to the detriment of public interests. I had, Sir, imagined that the representatives of the public in this House as well as in the Lower House would expect us to do something, but if they want us to do something for the good of the people out of nothing, then they really

expect us to perform a miracle which we, frail human beings, are incapable of performing. If there is to be further retrenchment in the departments, the wisest course for Honourable Members to adopt would be to suggest the reduction of Members of the Executive Council, rather than reduction of expenditure by retrenchment of staff. We simply cannot do it; it cannot be done. What am I to do? Whether in the matter of archæology or geological survey or zoological survey, there is nothing doing. Members of various services have been reduced to such an extent that no fresh work is done.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: The Survey of India is going on on the same scale.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN: The Honourable Member is entirely mistaken, Sir, if he thinks that the Survey of India is going on on the same scale.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Practically on the same scale.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN: There is no question of saying that it is *practically* on the same scale when there is a reduction of 25 per cent. A reduction of 25 per cent. does not leave it *practically* the same. The Survey of India has been reduced to an extent most mercilessly by me at the suggestion of the Honourable the Finance Member which brought tears to the Surveyor General's eyes last year; the extent to which it was carried out was very great indeed. I really do not know what is the good of running various departments if they are not to be run properly and adequately. Much better give up the pretence of running a civilised Government and carrying on these departments. Let us get more and more assimilated to our neighbours whether to the north or to the west. Are we approaching the state of administration prevailing in other Asiatic countries, or do we aspire to get on and set a standard for Asia which Asia ought to follow. There is no good saying more and more retrenchment. By all means go on rubbing, and rub at a clot on a cloth provided you do not rub it so hard that the cloth also disappears with the clot. Therefore, Sir, I wish Honourable Members to bear in mind that there is a limit to everything which is good. If you go beyond that limit the good disappears. In my Department, Sir, I am afraid that that stage we have reached. I felt so sore and so bitter, Sir, about this point that last year chancing to be in the Lower House—in the other House I ought to say—the Honourable the Finance Member in a tantalising manner said, "You are always worrying me. Why don't you address the House?" I took him at his word, caught the President's eye and I very well remember, embittered as I was, I told the House what I felt as a Member in charge of Education, etc. Formerly, I had only to deal with a friend, who had ceased to be a friend. I thought perhaps he was only barking, but that was not enough. He had developed tendencies of biting and showed himself in the colour of a wolf who was out for my blood, but I did not expect that I would have a pack of wolves on the other side as well thirsting for my blood. Between the two of them I could not possibly carry on the administration that was entrusted to me. Therefore, Sir, I beg the Honourable Members to bear in mind that if they want really some good work to be done for the people—beneficent activities as they are called—those activities cannot be carried out by mere talk. Those activities need men who must be fed in

[Khan Bahadur Mian Sir Fazl-i-Husain.]

order to carry them out. I am expected to promote agricultural research. Other Honourable Members are most keen that something should be done in the line of animal husbandry. Others are anxious that the dietary should be placed on a scientific basis in this country. And the demands for excellent research work being done in all walks of human life are very pressing and very great. Am I expected to do all this out of nothing? Well, it cannot be done. Therefore, Sir, by all means let the Honourable Members devote their efforts to the reduction of taxation from which I in common with them suffer, but let them remember that if they want to run the administration of this country in a civilised manner and approaching a standard which would not be a disgrace to the great name of this country then they must look at the matter from a practical standpoint. They should look not only at their income but also at their expenditure. Far be it from me, Sir, to say that there is no wastage in any department. There may be. But we are ever ready to do away with it. But wastage is something quite different from meeting absolute needs. I trust the Honourable Members, if they cannot give me any more money—and I am sure they cannot—the budgetary rules and savings do not permit of it—will at least not be unwilling to give me that sympathy and solace which a man like me, surrounded on all sides by people who are thirsting for my blood, deserves.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal: Non-Muhammadan): Sir, I cannot persuade myself to remain silent without making a few observations on the Bill that has been moved by the Honourable Mr. Taylor. First of all, Sir, I should like to refer to the Salt Import Duty Act.

As far as I remember an understanding was given by the Central Government that a portion of the revenue from the salt import duty would be allocated to the Government of my province, which would be devoted to the development of the indigenous salt industry and utilising the natural resources of the province. But as far as I know nothing has been done by the Government of Bengal with regard to this matter. Perhaps, Sir, the money was spent in maintaining law and order in the province such as one found one fine morning that the District Magistrate of Dacca issued an unwanted order requiring all householders to supply to the nearest police station the list of all able-bodied young men aged from 14 to 35, the residents of those houses and probable absentees for about a month and probable new comers in the city within 24 hours.

THE HONOURABLE THE PRESIDENT: Will you please confine yourself to the Finance Bill? This is outside it.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: That such a novel way of maintaining law and order at Dacca must have caused hardships and difficulties to the citizens, this Honourable House and Government can easily realise.

THE HONOURABLE THE PRESIDENT: I cannot allow any comments on law and order today. We are discussing the Finance Bill.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE: However, Sir, I do not like to make any further comment on this matter but should like to leave it to the judgment of Government to take such step

as they deem fit to see that the natural salt resources of my province are taken advantage of and encouragement given to the people to manufacture salt for their consumption as people in Bengal are accustomed to take fine crushed salt.

Then, Sir, the demand for lowering the postage rates has become our

1 P.M.

general cry since they were increased by the Indian Finance Act of 1931. Government have not been able to show us by figures whether the increase in the rates of post cards and envelopes has brought Government larger revenue in their Postal Department. I believe, Sir, the increase in the rates of post cards and envelopes must have given diminishing returns to the Postal Department at least in connection with these two articles. The postal rates, at least with regard to post cards and envelopes, should be brought back to the former level. It is a legitimate grievance of the people which should be redressed by Government.

Sir, as regards the rates of income-tax, assessment should be made on incomes of Rs. 2,000 per annum and not on Rs. 1,000, as has been fixed by Government. It is a great hardship to the middle class people in these days of economic depression in the country.

I know, Sir, Government will lend a deaf ear to what we say from this side of the House but we shall be failing in our duty if we do not, as representatives of the people, bring to their notice the miseries and grievances of our countrymen so that Government may find their way to alleviate the distress otherwise the adamant attitude on their part will surely antagonise the spirit of the people and may worsen the situation in the country.

THE HONOURABLE THE PRESIDENT: This is all irrelevant to the Finance Bill.

THE HONOURABLE RAI BAHADUR PROMODE CHANDRA DUTT: Sir, this Finance Bill is an emergency Bill, the second of its kind introduced in the space of two years. The emergency first arose in March, 1931, when fresh taxation was imposed to the tune of Rs. 18 crores or so. Let no one run away with the idea that the taxation at the time was by any means light. But we were told that an emergency had arisen and we must make special sacrifices. Scarcely had six months passed before another Bill was introduced imposing taxation to the tune of about Rs. 24 crores and covering a period of about 18 months, so that altogether we had about Rs. 40 crores of new taxation to meet within a period of two years. That we did. Now we are called upon to meet another Rs. 40 crores. Sir, it is very pertinent now to inquire how this emergency has arisen. We were told at the time that it was due to world-wide trade depression, that India could not live in isolation and that what affected other countries must affect India as well. That is true but I submit that is not the whole explanation. What has happened, it seems to me, is this, that at a time when there was enough money we gave away with both hands without any regard to the possibility of lean years intervening. Take, for instance, the salaries of the services. I well remember when they were increased because I was at the time a member of Government. Well, Sir, commodity prices had gone up and it was thought that that fact justified an increase in the salaries of public officers. Now, Sir, if that was the reason for increasing salaries at the time why should not salaries be reduced now that prices have gone back to the pre-war level. Then come the Lee concessions. I know, Sir, what expenditure that involved the country in. Then comes the military expenditure against which the country has been protesting all these years. In three years that has been reduced by Rs. 9 crores. If it had been done earlier several crores would have been saved. I submit, Sir, that the only

[Rai Bahadur Promode Chandra Dutt.]

remedy for this state of things would be rigid retrenchment. We do not know when this emergency is going to end. If I understood the budget speech of the Honourable Mr. Taylor aright, he fears this is going to be a permanent feature of our finance. If that is so, the prospect for this country is very gloomy. The Honourable the Leader of the House has referred to the fact that retrenchment has been so severe in the Survey Department that it brought tears to the eyes of the Surveyor General. And I was expecting to see tears in some eyes here. But, Sir, let me remind the House and the Honourable Leader that this Rs. 40 crores of new taxation has brought tears into the eyes of millions and millions of people.

I oppose this Bill.

The Council then adjourned for Lunch till a Quarter Past Two of the Clock.

The Council re-assembled after Lunch at a Quarter Past Two of the Clock, the Honourable the President in the Chair.

THE HONOURABLE KUMAR NRIPENDRA NARAYAN SINHA (West Bengal : Non-Muhammadan) : Sir, it redounds not a little to the credit of the Honourable the Finance Member that he has been able to bring in a balanced budget this year. When financial crisis is the order of the day, it is greatly heartening that by a prudent adjustment of our usual, almost inelastic, resources, our financial chief has presented to us a small surplus, and we should not carp or cavil at him that notwithstanding that surplus he has not thought it fit to take away some of the emergency duties or taxes he imposed on us a year and a half ago. But when we look around us we cannot feel quite sure that we have yet come out of the woods. It is for these reasons, Sir, that I support the proposals adumbrated in the Finance Bill, and we should thank the Honourable the Finance Member that he still proposes not to abate his efforts in order to keep us perfectly afloat, till he finds us securely placed so far as our finances are concerned. Any attempt to unbalance the budgetary resources at this time, when all the world over financial equilibrium is being seriously threatened, it would have been a matter of consummate injudiciousness. I was, therefore, really wondering why from day to day for about a week my Honourable friends at the other House were tugging at this Bill when the proposals contained therein were nothing new and not quite oppressive and militated against no great interests. Then again, Sir, we cannot contemplate the inauguration of a new constitution entailing additional expenditure unless we are endowed with adequate surplus resources from the very outset.

Speaking about the salt duty, Sir, I cannot make common cause with our pseudo-champions of the poor to condemn the tax altogether. Our Government has got to fall back upon some sure source from where a heavy revenue may come in, by indirect taxation of all and sundry in the country, for carrying on the normal expenses of our administration. Honestly speaking, Sir, any decrease or increase in the salt duty affects very little the man in the street, so far as his retail consumption goes. Nobody has ever cared to find out by an extensive enquiry to what extent small consumers are affected or benefited by an increase or decrease of that duty. Sir, if I were to give my frank opinion on the subject I would rather empower the Honourable the Finance Member to augment the duty on salt still higher, if he could assure us

that he would exempt the country from the other very many galling taxes he has to impose upon us from year to year, according to the fluctuating demands of the exchequer.

Sir, speaking about the 25 per cent. surcharge on custom duties, I would urge that such a surcharge has served its purpose quite well, as, besides bringing in revenue, it is affording distinct stimulus to our indigenous industries. Some apprehension was needlessly entertained when the surcharge was put upon foreign machinery, raw cotton, drugs and chemicals, and it was said then that our country's production would suffer immensely therefrom. But subsequent experience has belied such apprehensions, as the additional duty, instead of proving deterrent in any way, has greatly expanded the demand for machineries, especially those required for the sugar and paper industries. The ousting of the foreign cotton has also afforded an extensive market to our country's production. The demand for drugs and chemicals has also mounted higher and higher with the expansion of the protected industries of sugar and paper. The levelling down of the scale of income-tax has no doubt affected the limited resources of a large number of the poor people in these hard financial times, but the acute financial situation of the country left no option but to tap that source as well. But it is fervently hoped that as soon as the other sources of revenue have shown signs of expansion, the Honourable the Finance Member will be the first to restore the tax on income to its former level and afford also other reasonable exemption. As regards the super-tax which is really a company or corporation tax, I shall not say anything at length. Companies or corporations, if they derive large profits in business, are in duty-bound to part with a fraction thereof for the benefit of the administration under which they have flourished. The 25 per cent. surcharge on income has also been imposed for a dire national necessity, and it promises to be scratched up as soon as prosperity returns.

The increased rate on letters and post cards was really conceded when there was the greatest urgency for revenue and other sources had failed to yield a sure income. But when there was a surplus it was naturally expected in every quarter that the rates, being somewhat unconscionable in these financial days of stress and strain, would go, and the whole country is therefore naturally disappointed at their continuance for another year.

In conclusion, the Honourable the Finance Member deserves our unstinted thanks for readily accepting the cut, for not imposing the duty on bank cheques as well as for accepting the modification of the rate on income-tax between Rs. 1,000 and Rs. 1,500.

THE HONOURABLE KHAN BAHADUR DR. SIR NASARVANJI CHOKSY (Bombay : Nominated Non-Official) : Sir, the Honourable Mr. Kalikar has referred to *distress* gold. I believe there is a mystery attached to that distress gold. We do not know its source. Does it come from the actual cultivator who is in want of money for paying his dues to the Government or for his actual subsistence ? There is no doubt that the middlemen have a great deal to do with the stimulation of this flight of gold. Ordinarily, the *ryot* must have purchased it at Rs. 16 or Rs. 17 per tola. The middleman goes and tells the *ryot* that he will get Rs. 24 or Rs. 25. He then goes to Bombay or any other place and sells it. The middleman sells at about Rs. 27 or Rs. 28 to the merchant and the latter parts with it at Rs. 30. It thus happens that three sets of persons are interested in it and are making money, namely, the *ryot*, the middleman and the merchant. If the Government of India had placed an embargo on the export or imposed an export duty, the cry would have gone forth that it was an outrageous interference with legitimate trade.

[Khan Bahadur Dr. Sir Nasarvanji Chokey.]

On the other hand, if the export had been thus restricted, the Honourable the Finance Member would not have had so many rupees in circulation from which the Government loans would have been purchased and its credit raised. The result is that there is a sort of vicious circle. And yet there are people who blame the Government for denuding the country of its gold after having made money over the transaction ! And further, they say that this has been done with a set purpose, namely, to block the formation of the reserve bank. Where does the truth lie ? I am afraid it lies at the bottom of the well. We cannot and yet do not know exactly *all* the actual sources from which the gold has been derived.

Turning to salt, what is the position here ? If the Government of India fixes a certain rate of taxation the price of salt may be enhanced by something less than half a pie per pound. We find however that the retailers will put it on to 6 pies extra. I would ask the Honourable the Finance Secretary whether the time has not arrived when some sort of a Profiteering or Retailers' Act, as was introduced in the British Parliament should be applied to India. Something like that should be done in India, because it is the retailer who profiteers in all commodities and eats into the vitals of the people and makes money out of the poor and unsophisticated masses. It is not the wholesale merchant who gains so much as the retailer. At the same time, it is said that the purchasing power of the people has been reduced, and it is also said that prices have gone down. Well, do not these two factors more or less equalise the position and thus there is a parity ? We have no information exactly about that factor.

As regards the army and defence, we see that re-equipment has been made up to Rs. 7½ crores through savings from the army grant voted year after year. Besides that, the Retrenchment Committee saved about Rs. 4½ crores and in some other directions more saving has been effected, so that there has been an actual reduction of Rs. 6½ crores. Thus we may say that the army charges have been reduced to the extent of Rs. 14 crores. Were it not for the savings thus made, the country would have had to bear Rs. 7½ crores more for re-equipment. India is a poor country and it has to support an army of 54,000 British troops of all categories. The cost is enormous. If His Excellency the Commander-in-Chief had been here, I would have appealed to him as to whether now, or in the immediate future, he could not see some probability of even a small reduction in the British garrison in India. That would considerably relieve Indian finances and place the Finance Member in a far better position. Not only that, the saving so effected, could be devoted to the betterment of the nation-building departments that have dragged far behind.

As regards this Bill, I am afraid it is too late to alter it. I do hope that the remarks that have fallen from this Honourable House will have some influence when the Finance Bill for next year is framed.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern : Non-Muhammadian) : Sir, when the Honourable the Leader of the House got up we expected something illuminating, but instead we got a cynical diatribe against the Finance Member. And I would not have risen to speak at this late hour had I not thought that it would be improper to let those remarks go without noticing the wailings of the Honourable the Leader of the House. I am sure he feels that both the bark and the bite of the Finance Member were very fierce, but we on this side of the House think

that such bark and bite were nothing more than a mock fight indulged in by the two Honourable Members to try their strength in a friendly match. To the Leader of the House the Finance Member appears as a wolf in sheep's clothing, but so far as the opposition and the teeming millions are concerned, they suffer from the joint attacks of all the Honourable Members of Government and to them they reveal their real wolfish natures or perhaps the tiger's, and end by devouring them wholesale. To complain that departments cannot function properly because of retrenchment, which, as we all know, has been only a flea bite—only the lopping off of unwanted twigs off the big tree—is an admission of inefficiency of the Honourable Members in charge of those departments for which there can be no excuse. We only hope that when the new constitution will function such inefficiency will find short shrift at the hands of the legislators to whom they will be supposed to be responsible.

THE HONOURABLE MR. J. B. TAYLOR : Sir, in spite of your ruling Honourable Members seem to have been successful in covering a wide range of subjects and I wish I had their ingenuity. When I was listening to the adroitness with which the Honourable Mr. Ram Saran Das was juggling with points of order and Japanese dumping my mind was irresistibly drawn to some other Japanese jugglers whom we saw on another recent occasion. I am afraid that I cannot imitate him and anticipate any decision of the Government on the question of anti-dumping legislation. That can be discussed at the proper time and place. I was also waiting in anticipation of some constructive suggestion when the Honourable Mr. Hossain Imam began to throw blue books and complicated arithmetic at me and I began to hope we might reach some concrete result. I am afraid however that after listening to it all I found that we had come back to the old familiar device of raiding the sinking fund, the first resort of bankrupt Governments. Sir, we are not a bankrupt Government and we do not propose to raid the sinking fund.

THE HONOURABLE MR. HOSSAIN IMAM : What is England's condition ?

THE HONOURABLE MR. J. B. TAYLOR : I am sorry, but I cannot hear the interjection and I do not know to whom it is relevant. Was the point about war debts ?

THE HONOURABLE MR. HOSSAIN IMAM : No. England has raided its sinking fund. It has reduced its proportion for sinking fund provision.

THE HONOURABLE MR. J. B. TAYLOR : Sir, England may have raided the sinking fund, though I would not certainly accept that statement without proper inquiry and qualification. But we are not going to raid our sinking fund. As regards the war debts, the position was very clearly explained by the Honourable Finance Member in his budget speech. We have made such provision as we think necessary to meet the liabilities which we have undertaken to meet. If we get any alleviation we shall be very glad to get it, but we are not going to anticipate it. The Honourable Sir Edward Benthall also raised my hopes that we were going to get something constructive out of him and I was somewhat astonished to find him among the socialists advocating that Government should undertake expansion on commercial operations though so far the eagle eye of the business man in Bombay or Calcutta has failed to find this remunerative. Sir, in this connection I would like to repeat the words of the Honourable Finance Member in another place.

[Mr. J. B. Taylor.]

We have an open mind on this subject. We will be very glad to consider proposals, but there are two essential criterions which I think will command the unqualified acceptance of this House. The first one is this :

"In the first place we must adhere to the policy of not regarding any schemes as suitable objectives for capital expenditure which are not economically sound and productive. In the second place we do not intend to launch out into any programme on a scale which is likely to depress the market for Government securities and put us in the position of having to ask the investing public to subscribe more money than it has for investment".

THE HONOURABLE SIR EDWARD BENTHALL : I accept both these criterions but I still think it is a promising policy.

THE HONOURABLE MR. J. B. TAYLOR : Sir, we would be only too glad to receive any concrete suggestions to give effect to that policy, but we cannot commit ourselves in advance to any general and grandiose scheme without seeing the details elaborately worked out ; and in this respect we would welcome definite suggestions from those we consider best qualified to make them, that is to say, the commercial community of this country.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK (West Bengal : Non-Muhammadian) : What about the Vizagapatam scheme ?

THE HONOURABLE MR. J. B. TAYLOR : Sir, to those general remarks I have very little to add. I have already in the general budget indicated my view of the position and dealt with criticisms which in this discussion also have followed on familiar lines ; and in concluding I would merely like to impress upon this House the vital importance of a balanced budget. We have been accused of distinguishing between sound finance and the interests of the people. Sir, the interests are not distinguishable ; they are one. There can be no greater calamity to the people of this country than an unbalanced budget with all the chaos which would follow. Other countries have found it so. Germany tried it ; America tried it and they inevitably landed themselves in a mess. And if they fall into a mess, who suffers ? Not the astute money dealer in the large cities ; he knows how to fish in troubled waters and get out of the trouble. The man who suffers is the agriculturist and the honest tradesman. They are the people who benefit by sound Government finance, and for this reason, Sir, I commend the Finance Bill to this House.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : How far have those agriculturists been benefited ?

THE HONOURABLE THE PRESIDENT : The question is :

"That the Bill to fix the duty in salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax, and further to amend the Indian Paper Currency Act, 1923, as passed by the Legislative Assembly, be taken into consideration."

The motion was adopted.

THE HONOURABLE THE PRESIDENT : The question is :

That clause 2 stand part of the Bill."

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Sir, I beg to move :

"That in clause 2 of the Bill for the words 'one rupee and four annas' the words 'ten annas' be substituted."

The object of my moving this amendment is to reduce the salt duty by half. At present it comes to about 6 pies per seer. Now I want that it should be reduced to 3 pies per seer. The history of the agitation for the abolition of this duty, or at least its substantial reduction, is older than my Honourable friend, Mr. Taylor ; at least it is older than myself. At different times the question has been brought before the Lower House and also discussed in this House. Sir, as long ago as 1903, this duty was at 8 annas a maund only. Then, Sir, in 1915-16 it was raised to Re. 1 per maund. In 1922-23 the Assembly being backed by popular opinion abolished the duty altogether, but His Excellency the Viceroy certified it at the rate of Rs. 1-4-0 per maund. The agitation during this period went on and in 1929 the Government was good enough to reduce this duty again and brought it to the level of Re. 1 per maund. But, Sir, it was for a very short time, that is for one financial year, that the Government seemed to reduce it by 4 annas a maund, because in 1930 they again raised it to Rs. 1-4-0. We are all aware that the agitation about the abolition or substantial reduction of this duty became widespread during this period and was led by Mahatma Gandhi who became so popular and got such a backing from the whole country that about 60,000 persons went to jail on account of this agitation. Now, Sir, the Finance Bill proposes that the duty should be levied at Rs. 1-4-0 but I believe over and above this there will be a surcharge of 25 per cent., increasing it to Rs. 1-9-0. Popular opinion in this matter is very strong. I hope the Government will see its way to accept my amendment and reduce the duty by half. Sir, this is a tax which affects everybody in the country, not leaving the lowest of the low, so much so that persons who are getting only one meal a day, who do not have sufficient cloth to wrap themselves up, who expose themselves to the vicissitudes of weather, whether the hot winds are blowing or whether it is raining or whether cool winds are blowing, are all affected by this tax. In short it affects the teeming millions. My Honourable friend, the Finance Secretary, sitting in this palatial building and when going out also driving in a luxurious car and living in a comfortable bungalow cannot properly realise the condition of these millions. If the Honourable Member wants to know the real condition, he may accompany me to the villages where I come from and he will see what is the condition of the people whom this tax affects. Sir, in support of my contention that this is the duty on which the first attention of the Government should be turned, I will quote the opinion of the highest official concerned with the Government of India, I mean, the Secretary of State for India. An Honourable Member while moving for the abolition of this tax in the Lower House in 1931 has given a quotation from the statement of the Secretary of State which was not challenged by the Government and therefore I think it was correct. The statement runs like this :

"I do not propose to comment at length on any of the measures adopted by your Government except the general increase in the salt duty"

That is what the Secretary of State wrote to the Government of India.

"While I do not dispute the conclusion of your Government that such an increase was under the circumstances unavoidable, I am strongly of opinion that it should be looked upon as temporary and that no effort should be spared to reduce the general duty as speedily as possible to its former rate".

[Rai Bahadur Lala Mathura Prasad Mehrotra.]

Then, Sir, later on he says :

" I will not dwell on the great regret with which I should at any time regard the imposition of additional burdens on the poorest classes of the population through the taxation of a necessary of life. But apart from all general considerations of what is in such respects right and equitable, there are, as Your Excellency"—he was writing to His Excellency the Viceroy—"is well aware, in the case of the salt duty in India weighty reasons for keeping it at as low a rate as possible".

He does not stop there but goes on to say further :

"The policy enunciated by the Government in 1877 was to give to the people throughout India the means of obtaining an unlimited supply of salt at a very cheap rate, it being held that the interests of the people and of the public revenues were identical and that the proper system was to levy a low duty with unrestricted consumption".

Sir, these are the words of not an agitator, not a responsive co-operator like ourselves, but the highest official of the British Government who rules over the destinies of this country and if his words are not to be respected by the Government of India I think no person can wield great influence in making a better statement in support of the amendment than that I have quoted.

THE HONOURABLE MR. J. B. TAYLOR : Sir, it may be due, as the Honourable Member says, to my extreme youth but I am sorry that I cannot generally follow him back over his very eloquent history of this question. We are discussing the budget for 1933-34 and the cold fact of the matter is that his proposal would involve a loss to Government revenue of somewhat over Rs. 4 crores which would hopelessly upset the balanced budget. I really do not think that there is anything more to be said than that. The question of salt taxation has been discussed for many years and even in this House today I heard, if I recollect aright, the Honourable Kumar Nripendra Narayan Sinha advocating an increase in the salt tax in preference to an increase in the income-tax. One must balance one tax against another. Some people dislike one tax and some dislike another but we must look at matters as a whole and the fact from our point of view is that we cannot accept this amendment consistently with balancing the budget.

THE HONOURABLE THE PRESIDENT : The question is :

"That in clause 2 of the Bill for the words 'one rupee and four annas' the words 'ten annas' be substituted."

The motion was negatived.

THE HONOURABLE THE PRESIDENT : The question is :

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

"That clause 3 stand part of the Bill,"

Clause 3 was added to the Bill.

The question then is :

to which there is an amendment† by the Honourable Rai Bahadur Lala Mathura Prasad Mehrotra that clause 4 be deleted. I also disallow this

‘(e) in item No. 157, the words ‘and sugar-candy’ shall be omitted and after that item the following item shall be inserted, namely:

		R ^s .	a.
157A	Sugar-candy Cwt.	9	8 "

‘ 3A (1) where the Governor General in Council is of opinion that currency of any country has depreciated to an extent likely to affect any industry in India, he may by the notification in *Gazette of India*—

- (a) declare the standard rate of exchange of that country in terms of hundred rupees ;
 - (b) from time to time declare the existing depreciated rate of exchange with that country in the same terms ; and
 - (c) specify the article or articles manufactured in India affected by such depreciation.
- (2) Notwithstanding anything contained in the Indian Tariff Act, 1894, or in the Sea Customs Act, 1878, the duty of customs on any article notified under sub-section (1) shall be determined in accordance with the following rules, namely :—
- (a) where the duty is calculated at an *ad valorem* rate the value of the commodity in rupees shall be increased in the ratio of the notified depreciated rate of exchange to the notified standard rate of exchange ; and
 - (b) where the duty is a specific duty the unit of assessment shall be decreased in the ratio of the notified standard rate of exchange to the notified depreciated rate of exchange.
 - (c) This section shall have effect only upto 31st March, 1934, but the Governor General in Council may extend the period by one year."

‡ "That clause 4 of the Bill be omitted."

[Mr. President.]

amendment. An amendment may not be moved which has the effect of a negative vote under Standing Order 32.

Clause 4 was added to the Bill.

THE HONOURABLE THE PRESIDENT : The question is :

“ That the First Schedule to the Act stand part of the Bill.”

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Sir, I beg to move :

“ That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head *Letters*, the following be substituted :

‘ For a weight not exceeding one tola One anna.

For every additional tola or fraction thereof Half an anna.’ ”

Sir, the object of my moving this amendment is that the rate of letters should be reduced by one pie only and brought to the level of what it was previously. Sir, I hope the Government will accept this because I have also made a reduction in the weight from $2\frac{1}{2}$ tolas to one tola which means that this will only benefit the middle class and firms of smaller size only using cheap papers and envelopes but other firms using superior stationery will have to pay the higher rate and thus the income will not be affected by this amendment of mine. It will give facilities to those persons who on account of the high rate of postage are compelled at present to use post cards instead of envelopes and at the same time will not affect the income of the Government. Sir, in 1919-20, before the rate was increased from half an anna to one anna, the number of letters in circulation was 580 millions. In 1920-21 it rose to 600 millions and in 1921-22 it came down to 510 millions because in 1922 the rates were increased, and then the traffic fell to 510 millions. Thus, instead of getting an annual increase of 10 to 20 millions every year in the number of letters, it has since been reduced and has not yet reached the level of 1919-20. I do not know the figures after that year and if the Honourable Mr. Taylor will quote the figures, we will know to what extent this duty has affected the number of letters in transit.

THE HONOURABLE MR. J. A. SHILLIDY (Industries and Labour Secretary) : Sir, before I get on to this particular motion, as there are other motions relating to the Posts and Telegraphs Department, I hope this Council will allow me to state very briefly what the general position of the Posts and Telegraphs Department is with regard to these rates. I had occasion a few days ago in this Council to state that nobody had the right to have their letters or post cards carried for them at something less than what it costs Government. That is a position which I think every one will accept, and when one talks about letter rates, one must be very careful not to talk about it as a tax, but as a definite payment for services rendered, and there is no particular reason why that payment should be less than what it costs to render those services. That is the position that I wish to make.

The next point I want to make is to point out that the Department is now working at a loss. The deficit this year is Rs. 56 lakhs. That has been reached after a great deal of work in the way of examining the accounts and of retrenching the expenditure. The House will remember that a Committee over which Sir Cowasji Jehangir presided went into the question of the finances of the Posts and Telegraphs Department and decided what was the expenditure which could be rightly debited to that Department and what could not. In addition to that, I had to point out some time ago that the Posts and Telegraphs Department had been very severely retrenched and I think the House will agree with me that the retrenchment has been serious when I inform them that in personnel alone it amounts to as much as Rs. 75 lakhs a year, and we have not stopped even there, because we have another Committee still working at further proposals for retrenchment. Therefore, we are doing all we can to reduce the deficit on our side. The real reason of course for the deficit at the present moment is bad business. Business is bad and although there seems to be an impression abroad that if you reduce the rate on letters to half an anna, a firm will just for the sheer joy of writing, write letters, I venture to suggest that after all, commercial firms write letters in answer to business, and do not simply write unnecessarily to increase our revenue. It is the depression that is responsible for this large deficit at the present moment. Some Members might possibly say that we have paid our establishment very highly. If that charge should be brought, then all I would say is that the increases in pay which we gave to the Posts and Telegraphs Department were given under constant pressure from the Legislative Assembly, and I think Members of this Council are also aware that from time to time I have had to resist motions for further proposals of increases of pay for one grade or another of the Posts and Telegraphs Department. That more or less explains the general position. We are working under a deficit in spite of the fact that we have done our best to cut down expenditure to the very last possible amount.

Now, Sir, turning to this particular motion which is before me at the present moment, the Honourable Member seemed to think
 3 P. M. that this would really not cost Government very much, but would help other people. We have examined the figures in the past and the fact of the matter is that practically the great majority of the letters are under one tola, and if we were to accept this proposal, we should be adding to our present deficit of Rs. 56 lakhs another deficit of Rs. 41 lakhs. That very simply stated is the reason why I regret that Government cannot accept this amendment.

THE HONOURABLE RAI BAHADUR PROMODE CHANDRA DUTT : On a point of information, Sir. The minimum charge on letters now is Rs. 0-1-3. Actually the Post Office charge one pie more. How is that ?

THE HONOURABLE MR. J. A. SHILLIDY : I have no knowledge at all why that is done. If the Honourable Member will let me know, I will certainly make enquiries. The postage at present is one anna, three pies. I understand that this extra pie has reference to the price of the envelope. There of course you are paying something for which you get the paper.

THE HONOURABLE RAI BAHADUR PROMODE CHANDRA DUTT : The same thing is not done in the case of post cards.

THE HONOURABLE MR. J. A. SHILLIDY : If you ask us to put an extra charge for paper in the case of post cards we will do so.

THE HONOURABLE RAI BAHADUR PROMODE CHANDRA DUTT : I do not ask you to do that. I want to place the matter before this House. You are just taking power from us to fix the postage at Rs. 0-1-3 and the Postal Department takes action under the Post Office Act and charges one pie extra.

THE HONOURABLE MR. J. A. SHILLIDY : Will the Honourable Member raise this later on ? We are at present dealing with the question of letters.

THE HONOURABLE THE PRESIDENT : Motion moved :

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head *Letters*, the following be substituted :

'For a weight not exceeding one tola . . . One anna.
For every additional tola or fraction thereof . . . Half an anna '."

The question is :

"That that amendment be made".

The motion was negatived.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Sir, I am not moving Nos. 15* and 16†, but I will move No. 17 now. Sir, I move :

"That in Schedule I to the Bill, in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head *Postcards*, the following be substituted :

• 'Single Half an anna.
Reply One anna '."

Sir, the price of a post card was formerly 3 pies and now it is 9 pies—an increase of 300 per cent. In 1919-20, 610 million postcards were used ; in 1920-21 the number rose to 630 millions and in 1921-22 it rose still higher to 650 millions. In 1922 the price was raised from 3 pies to 6 pies and the circulation at once dropped in 1922-23 to 520 millions. That is, there was an immediate falling off of 130 millions when the price was increased from 3 to 6 pies. This increased tax on post cards affects 230 millions of people living in the villages, who cannot now afford to send communications to their relatives as often as they used to do. The tax on post cards should therefore be reduced. In reply to my previous amendment on the subject, my friend over there said that he did not see why the cost should be less. I humbly submit in reply to him that the Postal Department should not be run on commercial lines. It is a utility department and I think it should be the first charge of every civilized government to arrange for easy communications. It is one of the duties of Government and it should not be run on commercial lines. Then he said

* "That in Schedule I to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, against the entries under the head *Letters*, for the words 'one anna and three pies' the words 'one anna' be substituted."

† "That in Schedule I to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head *Postcards*, the following be substituted :

'Single Three pies.
Reply Half an anna '."

that there is a loss of Rs. 77 lakhs in the working of this Department. I would submit that it is due to the combination of the Telegraphs and Telephones with the Postal Department. If the costs were to be separated the Postal side would show no loss. For these reasons I would request the Honourable Members to accept this amendment of mine. Even when the price of post cards was 3 pies the Department was able to pay a contribution to general revenues as there was excess of income over expenditure. But now I do not know whether it is because the Department has become top-heavy or because it is run in combination with the Telegraphs that there is a loss, even though the prices for postage have been enormously increased. Therefore I request the House to accept my amendment.

THE HONOURABLE MR. J. A. SHILLIDY : Sir, I gathered from the Honourable Member that he not only wants the Postal Department to be run as a public utility department but also as a charity department. If he desires a change in the rate from something down to something less than its cost, then there hardly seems any reason to charge anything at all, because we could equally argue that it would be very good for business if all correspondence could be carried free of charge. He went on to argue that if the Telegraphs and Telephones were separated from the Postal side, the latter Department would not work at a loss. Now the extraordinary thing about it is that the Telephone side is the only side that works at a profit. The Postal side works at a greater loss than the Telegraph side, which is also working at a loss. By combining the three the only result is that the Telephone side works at a loss too.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : It used to work at a loss previously to 1919-20 also.

THE HONOURABLE MR. J. A. SHILLIDY : The Postal Department did not work at a loss previously. I explained in my speech on the other motion why it is worked at a loss. I am sorry it made so little impression on the Honourable Member, but I do not think I need repeat it again because I believe most of the Honourable Members understood what I said.

As regards the question of post cards, last year we had to raise the rate from 6 pies to 9 pies. I gave some figures to show exactly what it meant. As far as we could calculate, the year before last there were 546 million post cards used. And if you were to allow there had been a general and universal use of post cards, it would amount to three post cards each per adult in the year. The result would be that the burden we put on the poor amounts to 3 pice in the year. If you do not go as far as that and suppose that only 50 million people used post cards, then the burden we place on each of those 50 million persons by the present rate amounts to 10 pice in the year. I think, Sir, when I have given those figures the Council will appreciate that a great deal of all that is said about these matters is, if I may put it mildly, somewhat exaggerated.

But the final reason why I regret that I cannot accept this reduction in tax is that the Department is working at a loss of Rs. 56 lakhs. We cannot add to that loss another loss of Rs. 55 lakhs, which the acceptance of this proposal would entail.

Sir, I oppose.

THE HONOURABLE THE PRESIDENT : Amendment moved :

'That in Schedule I to the Bill in the proposed First Schedule to the Indian Post Office Act, 1898, for the entries under the head *Postcards*, the following be substituted :

'Single Half an anna.
Reply One anna.'

The question is :

"That that amendment be made."

The Council divided :

AYES—11.

Banerjee, The Honourable Mr. Jagadish Chandra.
Chetti, The Honourable Diwan Bahadur G. Narayanaswami.
Ghosh Maulik, The Honourable Mr. Satyendra Chandra.
Hossain Imam, The Honourable Mr. Jagdish Prasad, The Honourable Rai Bahadur Lala.
Kalikar, The Honourable Mr. Vinayak Vithal.

Kidwai, The Honourable Shaikh Mushir Hossain.
Mehrotra, The Honourable Rai Bahadur Lala Mathura Prasad.
Naidu, The Honourable Mr. Y. Ranganayakalu.
Ram Saran Das, The Honourable Rai Bahadur Lala.
Sinha, The Honourable Kumar Nripendra Narayan.

NOES—26.

Akbar Khan, The Honourable Major Nawab Sir Mahomed.
Bartley, The Honourable Mr. J. Basu, The Honourable Mr. Bijay Kumar.
Benthall, The Honourable Sir Edward.
Charanjit Singh, The Honourable Raja.
Choksy, The Honourable Khan Bahadur Dr. Sir Nasarvanji.
Cotterell, The Honourable Mr. C. B.
Devadoss, The Honourable Sir David.
Fazl-i-Hussain, The Honourable Khan Bahadur Mian Sir.
Ghosal, The Honourable Mr. Jyotsnarth.
Habibullah, The Honourable Nawab Khwaja.
Hallett, The Honourable Mr. M. G.
Israr Hasan Khan, The Honourable Khan Bahadur Sir Muhammad.

Johnson, The Honourable Mr. J. N. G.
Kameshwar Singh, The Honourable Maharajadhiraja Sir, of Darbhanga.
Maqbul Hussain, The Honourable Khan Bahadur Sheikh.
Miller, The Honourable Mr. E.
Murphy, The Honourable Mr. P. W.
Natesan, The Honourable Mr. G. A.
Noon, The Honourable Nawab Malik Mohammad Hayat Khan.
Russell, The Honourable Sir Guthrie.
Shillidy, The Honourable Mr. J. A.
Stewart, The Honourable Mr. T. A.
Taylor, The Honourable Mr. J. B.
Varma, The Honourable Mr. Sidheshwari Prasad.
Watson, The Honourable Sir Charles.

The motion was negatived.

THE HONOURABLE THE PRESIDENT : Does the Honourable Member (Rai Bahadur Lala Ram Saran Das) wish to move his amendment ?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : As it is practically the same amendment* I do not propose to move it.

THE HONOURABLE THE PRESIDENT : The question is :

"That clause 4 stand part of the Bill."

* "That in Schedule I to the Bill in proposed First Schedule to the Indian Post Office Act, 1898, under the head *Postcards*, for the words 'nine pies' the words 'six pios' be substituted."

The motion was adopted.

Clause 4 was added to the Bill.

THE HONOURABLE THE PRESIDENT : The question is :

" That the First Schedule stand part of the Bill."

The motion was adopted.

Schedule I was added to the Bill.

THE HONOURABLE THE PRESIDENT : The question is :

" That clause 5 stand part of the Bill."

There is an amendment by the Honourable Mr. Mathura Prasad Mehrotra that the whole clause be omitted. I disallow that amendment* on the ground that it has the effect of a negative vote.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Sir, I beg to move :

" That in sub-clause (1) of clause 5 of the Bill the words ' increased in each case, except in the case of total incomes of less than two thousand rupees, by one-fourth of the amount of the rate ' be omitted ".

By this clause, Sir, the Government wants to propose a surcharge of 25 per cent. on all incomes above Rs. 2,000. I was against the whole clause, but as my amendment has been ruled out to delete the clause, I shall content myself with moving this amendment only. When the Bill was brought before this House in 1931 it was introduced as a temporary measure on account of the emergency and the surcharge of 25 per cent. was proposed to equalise the 10 per cent. cut in the pay of Government officials. The cut in the pay of Government officials has been reduced by half ; that is, it is now only 5 per cent., but no reduction has been made in these taxes. This affects not only the higher income-taxpayers, but also the lower income-taxpayers, and therefore, Sir, I move that this should be omitted. If it is allowed to pass this year, although it is meant only for a year, yet it is likely that this will again come up next year and by and by it will be made a permanent feature of the budget. I hope, therefore, Honourable Members will support me in this amendment.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Sir, I rise to support the amendment moved by my Honourable friend Rai Bahadur Lala Mathura Prasad. Sir, the surcharge was imposed as an emergency measure and as this is a very heavy tax, it ought to be removed immediately. It is quite unjust to restore the salary cut and not to restore 50 per cent. of this surcharge in case Government could not see its way to do away with it altogether. The economic depression is grave and is telling upon the public very badly and it is in the rightness of things that this extortious tax ought to be reduced. The Honourable the Finance Member when moving this emergency measure in Simla promised that as soon as the time arrives this will be the first direction in which he will give remission. I am sorry to find that that promise has not yet been fulfilled.

With these words, Sir, I support the amendment.

* " That clause 5 of the Bill be omitted."

THE HONOURABLE MR. J. B. TAYLOR : Sir, I do not think it is necessary for me in my reply to go beyond the immediate scope of the amendment which is a proposal to remove the surcharge on income-tax, a thing which everybody will recognise is quite impracticable financially. The cost involved would be Rs. 2,80 lakhs. I may at this stage save time by explaining what will have to be my attitude to all amendments to reduce the income-tax. In the other House, as a result of prolonged discussion, a reduction has been made in the rates on incomes from Rs. 1,000 to Rs. 1,500, thereby effecting a reduction of Rs. 17,00,000 and reducing our total surplus to the very small figure of Rs. 25 lakhs. We cannot go below that and I am therefore constrained to oppose this amendment.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Can I ask one question, Sir? I would like to know whether this reduction in interest cannot be met by the reduction in interest in Government securities which has just been made?

THE HONOURABLE MR. J. B. TAYLOR : The answer is "No."

THE HONOURABLE THE PRESIDENT : Amendment moved :

"That in sub-clause (1) of clause 5 of the Bill the words 'increased in each case except in the case of total incomes of less than two thousand rupees, by one-fourth of the amount of the rate' be omitted."

The question is :

"That that amendment be adopted."

The motion was negatived.

Amendments Nos. 10*, 11†, and 12‡ were not moved.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD : Sir, I beg to move :

"That sub-clause (4) of clause 5 be omitted."

The object of sub-clause (4) of clause 5 is to prescribe a summary method of assessment of income-tax in respect of incomes of less than Rs. 2,000. I fail to understand why there should be this summary method of assessment for incomes of less than Rs. 2,000, namely, why the decision of the Income-tax Officer in the case of assesseees with incomes of less than Rs. 2,000 should be final and why such assesseees should be deprived of a right of appeal from the orders of the Income-tax Officer unlike assesseees on higher incomes. In the first place, you are taxing the poor people with such a small income, which according to the popular belief, is one wrong, and now over and above that wrong you are laying down that these poor people will have to remain content with their fate as ordained by the Income-tax Officer, and that they cannot prefer an appeal against his order should they choose to do so. I think this is doing them a second wrong. Let at least this much justice be done to these poor middle class men that they should at least possess a right of appeal to the higher authority in case they are dissatisfied with the assessment made

* "That in sub-clause (1) of clause 5 of the Bill the words 'increased in each case except in the case of total incomes of less than two thousand rupees, by one-fourth of the amount of the rate' be omitted."

† "That in sub-clause (2) of clause 5 of the Bill the words 'increased in each case by one-fourth of the amount of the rate' be omitted."

‡ "That in sub-clause (2) of clause 5 of the Bill, for the words 'by one-fourth of the amount' the words 'by one-eighth of the amount' be substituted."

by the Income-tax Officer. I think, Sir, it is a matter of bare justice and the amendment proposed by me should commend itself to the House.

THE HONOURABLE MR. J. B. TAYLOR : Sir, I think that the Honourable Rai Bahadur Lala Jagdish Prasad is moving his amendment under a misapprehension. Part III was intended to provide merely an alternative and simpler method of assessment for smaller assesseees. He has, if he so desires, the right to come under the ordinary practice under the proviso to clause 2, so that in no case can this impose any unnecessary hardship on him. The object is, in the case of these smaller assesseees, to provide a simpler and cheaper method of assessment if they have no objection.

I therefore, Sir, oppose this amendment.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD : Do I understand that these assesseees will have a right of appeal ?

THE HONOURABLE THE PRESIDENT : You are not entitled to reply : you can ask a question.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD : I want to be clear on the point which Mr. Taylor has just referred to. If he thinks the poor assessee has a right of appeal I shall withdraw the amendment.

THE HONOURABLE THE PRESIDENT : You cannot make a conditional request.

The question is :

"That sub-clause (4) of clause 5 be omitted."

The motion was negatived.

THE HONOURABLE THE PRESIDENT : The question is :

"That Schedule II stand part of the Bill,"

to which an amendment* stands in the name of the Honourable Rai Bahadur Lala Mathura Prasad Mehrotra that Schedule II to the Bill be omitted. I disallow that amendment on the same ground.

Amendment No. 20† was not moved.

*"That Schedule II to the Bill be omitted."

†"That for all entries in Part IA of Schedule II to the Bill the following be substituted :

- | | |
|--|--|
| (1) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000. | Four pies in the rupee. |
| (2) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000. | Six pies in the rupee. |
| (3) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000. | Nine pies in the rupee. |
| (4) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000. | One anna in the rupee. |
| (5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000. | One anna and four pies in the rupee. |
| (6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000. | One anna and seven pies in the rupee. |
| (7) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000. | One anna and eleven pies in the rupee. |
| (8) When the total income is Rs. 1,00,000 or upwards | Two annas and one pie in the rupee." |

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD : Sir, I beg to move :

"That in Part IA of Schedule II for the existing entry against item (1) under the heading 'Rate' the word 'Nil' be substituted."

The object of my amendment is to provide that there should be no income tax levied on incomes of less than Rs. 1,500. I hope the House remembers that formerly incomes of less than Rs. 2,000 were free from income-tax and it was the Finance Act of 1931 that lowered the taxable limit bringing it down to Rs. 1,000 in the teeth of opposition of the representatives of the public in both the Houses of the central Legislature. This, Sir, as was anticipated, has hit the middle classes very hard, especially at this time of unprecedented economic depression. After all, an income of Rs. 84 a month is a very small income and we know that sometimes on account of the vagaries of some of the Income-tax Officers persons with yet smaller incomes are liable to become the victims of this provision. The public demand has all along been that the minimum taxable limit should again be raised to Rs. 2,000 to which of course the Government have not so far seen their way to accede. I am by this amendment suggesting a sort of half-way house between the Government limit of Rs. 1,000 and the limit demanded by the public of Rs. 2,000, in that I want the exemption limit for the next year to be Rs. 1,500. The Lower House, Sir, has rendered a public service by reducing the rate of income-tax to 2 pies in the rupee for incomes between Rs. 1,000 and Rs. 1,500, with a proviso. What I propose is that incomes of less than Rs. 1,500 at least should be entirely free of income-tax, if not incomes below Rs. 2,000. I hope that the House will see the reasonableness of my suggestion and will lend its support to the amendment.

THE HONOURABLE MR. J. B. TAYLOR : Sir, I am afraid that I have nothing to add to what I have already said. In the Lower House a certain amount of relief has already been granted to these lower assesseees which comes to Rs. 17 lakhs. This proposal will involve a further Rs. 17 lakhs. It is the object of Government that income-tax should be spread over all classes so that the burden should be more or less in proportion to their ability to pay, and we consider that a further reduction would disturb this equilibrium. I therefore oppose the amendment.

THE HONOURABLE THE PRESIDENT : Amendment moved :

"That in Part IA of Schedule II for the existing entry against item (1) under the heading 'Rate' the word 'Nil' be substituted."

The question is :

"That this amendment be made."

The motion was negatived.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Sir, I beg to move :

"That Part III of Schedule II to the Bill be omitted."

I move for the omission of this Part for two reasons. Firstly, I consider that it is not fair to bring in the methods of assessment in the Finance Bill. If the Government wanted to bring in these methods of assessment they ought to have brought forward an amending Bill to the Income-tax Act and not in

the Finance Act. The title of the Bill also does not cover this Part of the Bill. Therefore, my first objection is that it ought not to have found place in the Finance Bill. My second objection is that persons whose income is less than Rs. 2,000 will have to depend upon the Income-tax Officers for his summary assessment. We know what sort of men these Income-tax Officers are. They always want to please their superiors and so they try to rope in as many persons as possible, even though they do not have that much income. Persons with small incomes do not keep proper accounts and so it is very difficult for them to go before the Income-tax Officers and prove that their income is less than the amount assessed for. In India, income-tax appeals do not go to the judicial courts, and therefore these persons, whether they have an income of Rs. 2,000 or not, have got to submit to the decision of the assessing Income-tax Officers. They can only submit an appeal to the Income-tax Commissioner, but for that they have to run to a distance which becomes more costly than the reduction in tax which they may secure and, therefore, they have to submit to their lot.

My third objection is that the Taxation Enquiry Committee submitted a proposal that married persons should be given an abatement of Rs. 200 for the wife and Rs. 150 for every child to the maximum of Rs. 950. That has also not been taken into consideration. In England I understand that a bachelor has to pay income-tax above £250 while a married man has to pay tax above £350 and every sort of abatement is given for wife and number of children. In addition to all these disadvantages in this country, the process of summary assessment is also being introduced for incomes of less than Rs. 2,000. I therefore hope the Honourable Members will accept this amendment of mine.

THE HONOURABLE MR. J. B. TAYLOR: Sir, the Honourable Mr. Mehrotra opposed this clause on three grounds. The first was that it should not properly find a place in the Finance Bill since it deals with a matter of procedure. This seems rather a point of order, but since he has raised it, I will deal with it. It was dealt with exhaustively in the Lower House and the decision there reached was that though if this assessment was likely to become a permanent measure it ought properly to be embodied in the Income-tax Act, since it is part of an emergency scheme of taxation, there was nothing improper in its embodiment in this Bill.

As regards his second point, I have already dealt with it in answering the Honourable Rai Bahadur Lala Jagdish Prasad, when I explained this is merely an optional procedure. Under the proviso to clause 2 of Part III any assessee who so desires can file an application and his return under the ordinary section, that is to say, sub-section (2) of section 22 of the Indian Income-tax Act whereupon he will be governed by the ordinary procedure and will have the same rights of appeal as other people, or so I am advised. I therefore consider that this amendment has been largely moved owing to a misunderstanding and I accordingly oppose it.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Education, Health and Lands Member): I wish, Sir, with your permission just to say a few words, not as a Member of Government nor as Leader of the House. The Honourable mover of this amendment seemed to be under the impression that what his country needs most is facilities for increasing its population by affording facilities in the matter of income-tax so that married people may be exempted, and those who have children may yet produce more children.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : I said they may get abatement.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : I assure you, Sir, that his economics are entirely wrong and those who have devoted some thought to this problem I have no doubt will agree with me in thinking that he is not right. Mr. Gandhi advised his countrymen ten years ago to be so good and so kind to him and to their Motherland as not to go on adding indefinitely one per cent. to the population every year, but much as they admired him, much as they appreciated him, they never listened to him. I am not sure whether my word will carry any more weight, but that does not deter me from doing what I consider right and I trust the Honourable Member will in future let his thoughts work on something like the following lines. Income-tax on one who gets married early should be at a heavier rate than on one who gets married later. Similarly, if he has more children than two he ought to pay a heavier income-tax than one who has not. I am sure he will thereby be helping the best interests of the country.

THE HONOURABLE THE PRESIDENT : Amendment moved :

"That Part III of Schedule II to the Bill be omitted."

The question is :

"That that amendment be made."

The motion was negatived.

• Amendment* No. 23 not moved.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : I beg to move :

"That in Part III of Schedule II to the Bill, paragraph No. 4 be omitted."

If the Honourable Members will read paragraph 4 they will find that the summary assessment is not only to be made for the future, that is for the year 1933-34, but it will also have retrospective effect for 1932-33, which I think is most objectionable. The paragraph reads :

"The above procedure shall apply also to the assessment and collection during the financial year 1933-34 of incomes of Rs. 1,000 and upward and less than Rs. 2,000 which have escaped assessment in the financial year 1932-33".

Thus it gives retrospective effect and I object to this paragraph.

THE HONOURABLE MR. J. B. TAYLOR : Sir, I should have thought it would have been clear to the Honourable Member for what I have already said that Part III deals merely with procedure. It does not impose any fresh liability on anybody. Those on incomes of Rs. 1,000 and upwards and less than Rs. 2,000 which escaped assessment in the financial year 1932-33 will, if they are found liable to income-tax, be assessed under the operative sections of the Act. This Part merely provides that they like other people of similar income can enjoy the benefit of the same summary procedure if they so desire.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I rise to support this amendment. My reason is that when this clause is translated into practice it will mean that many people who do not keep accounts—and as a rule people with incomes of Rs. 1,000 or so seldom keep accounts—will find themselves in difficulty. The net result will be that the Income-tax Officer

* "That Part III of Schedule II be omitted."

will use his discretion and assess them at any amount he thinks fit. This clause 4, in addition to the above, will give the assessee no right of appeal, which I consider is very unjust, in all those cases in which the Income-tax Department proves that people who deserved to be taxed in 1932-33 were not taxed. Sir, it is very unfair and unbusinesslike to give this vast discretion to the Income-tax Officer to assess these people in any way he likes. As this clause is liable to be misused I therefore strongly support my friend in asking for the deletion of this clause.

THE HONOURABLE THE PRESIDENT : Amendment moved :

"That in Part III of Schedule II to the Bill, paragraph No. 4 be omitted."

The question is :

"That that amendment be made."

The Council divided :

AYES—7.

Banerjee, The Honourable Mr. Jagadish Chandra.
Hossain Imam, The Honourable Mr. Jagdish Prasad, The Honourable Rai Bahadur Lala.
Kalikar, The Honourable Mr. Vinayak Vithal.

Kidwai, The Honourable Shaikh Mushir Hosain.
Mehrotra, The Honourable Rai Bahadur Lala Mathura Prasad.
Ram Saran Das, The Honourable Rai Bahadur Lala.

NOES—29.

Bartley, The Honourable Mr. J. Basu, The Honourable Mr. Bijay Kumar. Benthall, The Honourable Sir Edward. Charanjit Singh, The Honourable Raja. Chetti, The Honourable Diwan Bahadur G. Narayanaswami.
Choksy, The Honourable Khan Bahadur Dr. Sir Nasarvanji.
Cotterell, The Honourable Mr. C. B. Devadoss, The Honourable Sir David. Dutt, The Honourable Rai Bahadur Promode Chandra.
Fazl-i-Husain, The Honourable Khan Bahadur Mian Sir.
Ghosal, The Honourable Mr. Jyotsnanath. Ghosh Maulik, The Honourable Mr. Satyendra Chandra.
Habibullah, The Honourable Nawab Khwaja.
Hallett, The Honourable Mr. M. G.

Israr Hasan Khan, The Honourable Khan Bahadur Sir Muhammad.
Johnson, The Honourable Mr. J. N. G. Kameshwar Singh, The Honourable Maharajadhiraja Sir, of Darbhanga. Maqbul Husain, The Honourable Khan Bahadur Sheikh.
Miller, The Honourable Mr. E. Murphy, The Honourable Mr. P. W. Natesan, The Honourable Mr. G. A. Noon, The Honourable Nawab Malik. Mohammad Hayat Khan.
Pandit, The Honourable Sardar Shri Jagannath Maharaj.
Russell, The Honourable Sir Guthrie. Shillidy, The Honourable Mr. J. A. Stewart, The Honourable Mr. T. A. Taylor, The Honourable Mr. J. B. Varma, The Honourable Mr. Sidheswari Prasad.
Watson, The Honourable Sir Charles.

The motion was negatived.

Schedule II was added to the Bill.

Clause 6 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. J. B. TAYLOR : Sir, I move :

"That the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1924, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax, and further to amend the Indian Paper Currency Act, 1923, as passed by the Legislative Assembly, be passed."

***THE HONOURABLE MR. HOSSAIN IMAM :** Sir, if I rise at this stage to speak on the Finance Bill, it is just to clear some points.

4 P.M.

I had asked the Treasury benches to explain how Rs. 28 crores of increase in our deadweight of debts is accounted for, but I did not get any reply from them. I have also found, Sir, that there is an item of expenditure on which no question has either been asked in this House or in the other place, nor is there to be found in the whole of the Explanatory Memorandum of the Finance Secretary anything but a bare three lines. In the Item "Ways and Means", India, No. 10, loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve, for the last three years we have incurred a loss of Rs. 16.97 crores, which is made up of Rs. 4.68 crores for 1932-33, Rs. 7.05 crores for 1931-32 and Rs. 5.24 crores for 1930-31. There is no mention of this in the Explanatory Memorandum. We cannot understand how this money has swollen. We have passed the Finance Bill and it is for the Government to see that all the proceeds of it are accounted and fully utilised. Government in its budget proposals laid great stress on the fact that we require for the inauguration of the reserve bank external securities and the other requirement was that we must have a favourable balance of trade. On that point no mention has been made as to how that desirable end is to be secured. If gold export continues unabated, it will be an incentive to imports and it will further increase the adverse balance of trade of India. I do not count that the gold that we export is really a tangible commodity which is being exported in exchange for anything. It is more in the nature of a capital and it ought to be utilised for capital requirements and not for meeting day to day expenditure. I agree with the defence that was put up by the Honourable Mr. Shillidy about the post office that increased cost of the department is really responsible for the increased rates and taxes that are being levied now. In this connection, Sir, while I agree with his diagnoses I do not agree with the treatment that he proposes. The treatment should have been that the services should have been pruned. If the country cannot pay the scale of emoluments at present prevailing, then it is time to revise it. In this, Sir, I find that not only was the Government behaving in an irresponsible manner, but I have to admit that our own representatives in former times did behave in just the same manner in which the Government is behaving. They thought that there was to be a loot and everyone wanted to have his share out of it. The Government wanted to have their share for the higher services and our representatives wanted to have their share for the lower services. Really everyone wanted to get his share of the plunder and the real interest of the masses was entirely forgotten. The unholy alliance which now prevails between capitalists and Government by which every motion for increasing import duty and thereby increasing the resources of the Finance Department is received with acclamation is accepted as something very good and it is reacting very harshly on the public. It is high time for the Government to realise that this sort of thing cannot continue for any length of time. The thing is bound to snap. Finally, I would appeal to the Government, as the Diwan Bahadur has done, that if they cannot do anything good to the public now, to come up with better things next year.

*Speech not corrected by the Honourable Member.

THE HONOURABLE MR. J. B. TAYLOR : Sir, I do not think that I need reply at any length. The Honourable Mr. Hossain Imam in his earlier speech asked various questions regarding some of the items in the accounts, particularly the composition of our debts and assets in Appendix II to my Explanatory Memorandum (at page 48 of that Memorandum). There is of course an explanation for those various items which explain the difference in the total, but I do not think that the details will be of sufficient interest to this House or that they can properly be dealt with in a Third Reading debate. I am quite prepared to explain the various points in the way of question and answer if the Honourable Mr. Hossain Imam will put questions to me in the ordinary way in this House.

As regards his other more general points, I think that we have emphasised that because the budget is balanced we do not consider that all is well with the country. We realise that there is an economic crisis not only in India but throughout the world and we realise how heavy is the burden we are imposing on the people of this country, but we do feel that it is a necessary burden and that it is better to impose it rather than to let things slide and face the consequent dangers.

THE HONOURABLE THE PRESIDENT : The question is :

"That the Bill to fix the duty on salt manufactured in, or imported by land into certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax, and further to amend the Indian Paper Currency Act, 1923, as passed by the Legislative Assembly, be passed."

The motion was adopted.

STATEMENT OF BUSINESS.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House) : Sir, we shall have no more business to place before the Council until further Bills are passed by the Legislative Assembly. It is probable that certain Bills will be passed by that Chamber on Monday next, and I would suggest that the Council should meet on Tuesday next with a view simply to the Bills being laid.

The Council then adjourned till Eleven of the Clock on Tuesday, the 4th April, 1933.

COUNCIL OF STATE.

Wednesday, 5th April, 1933.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

FILLING UP TEMPORARILY OF TWO POSTS OF READERS AND REVISERS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

191. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Is it a fact that two posts of reader and two posts of reviser were temporarily filled up in the Government of India Press, New Delhi, in 1933?

THE HONOURABLE MR. J. A. SHILLIDY: Yes.

QUALIFICATION, ETC., OF PERSONS PROMOTED AS READERS AND REVISERS IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

192. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Will Government kindly state:

(a) What are the qualifications, length of service and community of those persons who have been promoted to the posts of reader and reviser in the Government of India Press, New Delhi, in 1933?

(b) How many seniors were superseded by the persons who were promoted to the posts of reader and reviser in the Government of India Press, New Delhi, in 1933 and to which community did the seniors belong?

(c) Has it been represented to Government that the Manager of the Government of India Press, New Delhi, overlooks the seniority and other claims of Hindus and Muslims and prefers Christians for promotions in the arrangements of the Reading Branch and that the Head Reader recommends Christians for promotions to please the Manager?

THE HONOURABLE MR. J. A. SHILLIDY: (a) and (b). Government have no information on the points raised by the Honourable Member which relate to matters of detail lying within the competence of the head of the department.

(c) No.

PROPOSED INCREASE OF STAFF IN THE CLERICAL BRANCH OF THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

193. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: Is it a fact that there is a rush of work in the Government of India Press, New Delhi, and that the clerical establishment is overworked? If the answer is in the affirmative, does Government propose to increase the staff?

THE HONOURABLE MR. J. A. SHILLIDY : Government understand that work in the Government of India Press, New Delhi, has lately increased and that temporary clerks have been engaged to cope with it. Proposals for increasing the permanent clerical staff in the Press are under consideration.

DIFFERENCE IN SCALES OF PAY OF THE CLERICAL BRANCH, GOVERNMENT OF INDIA PRESS, DELHI, AND THE CLERICAL BRANCH, GOVERNMENT OF INDIA PRESS, CALCUTTA.

194. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : Are the Delhi and Calcutta Government of India Presses under the Controller of Printing and Stationery, India ? If so, will Government kindly state the reasons of the difference between the scales of pay in the clerical establishment of these presses ?

THE HONOURABLE MR. J. A. SHILLIDY : Yes. Different scales of pay in the two Presses have been fixed because the local conditions are different.

INSUFFICIENT ACCOMMODATION IN THE QUARTERS ALLOTTED TO DAFTRIES IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

195. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : Is it a fact that the daftry quarters, Government of India Press, New Delhi, have insufficient accommodation and that a daftry died of phthisis in them and a second one is still suffering from phthisis ? If so, what action does Government propose to take ?

THE HONOURABLE MR. J. A. SHILLIDY : If the Honourable Member cares to visit the quarters he will, I think, be satisfied that they are adequate and afford far better accommodation than employees of this class ordinarily provide for themselves or rent from private landlords. I have no information regarding cases of phthisis among the tenants. Steps are being taken to increase the ventilation in some of the quarters.

CONTINUAL CHARGING OF RENT TO THE LATE OCCUPANT OF A GOVERNMENT OF INDIA PRESS QUARTER UNTIL SUCH TIME AS THE VACATED QUARTER IS ALLOTTED TO ANOTHER EMPLOYEE.

196. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : Is it a fact that if an occupant of a Government of India Press quarter, New Delhi, vacates the quarter occupied he is continually charged rent of that quarter so long as the same quarter is not occupied by another ? If so, why ?

THE HONOURABLE MR. J. A. SHILLIDY : The allotment of the press quarters is made in accordance with supplementary rules 311—316 and rent is charged according to supplementary rule 312 for the period of incumbency.

AUTHORITY RESPONSIBLE FOR THE ALLOTMENT OF QUARTERS TO EMPLOYEES OF THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

197. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : Will Government kindly state :

(a) Who allots the quarters, the Manager or the Estate Officer ?

(b) Is it a fact that some senior employees of the Press did not get any quarter or have been allotted daftry type quarters whereas their juniors have been given better accommodation ?

(c) If so, what is the reason and who are they ?

(d) Is it also a fact that Christians have been given preference ? If so, why ?

(e) Is it also a fact that people who never wanted any quarter or who were living in the city have been allotted quarters whereas people who were allotted quarters and living in them in Old Delhi have been debarred from quarters, or allotted daftry type quarters ?

(f) Is it also a fact that the Estate Officer wanted to realloot the quarters to remove the grievances of the senior employees and the people who were living in Old Delhi in Government quarters ? If so, with what result ?

(g) Is it also a fact that people who have never applied for quarters have been allotted quarters and are being charged rent ? If so, why ?

(h) Is it also a fact that one employee has been charged rent for two quarters at a time, one at 5 per cent. and the other at standard rent ? Is one man entitled to two quarters at a time ? If not, are Government prepared to refund the money in question ? If so, when ?

THE HONOURABLE MR. J. A. SHILLIDY : (a) Formerly the allotments of the press quarters were made by the Manager of the Press. The Estate Officer took over the allotment of these quarters with effect from the 1st November, 1932.

(b) and (c). Allotments have been made under supplementary rule 311 according to seniority. Senior officers are allotted a lower class of accommodation only if the higher class of accommodation for which they are eligible is not available. Their allotments are set right as soon as such quarters become available.

(d) No.

(e), (f), (g) and (h). Government are not in possession of the details of allotments. It is open to any individual who considers that he has not been treated in accordance with the rules to make a representation to the proper authority.

RESERVE BANK.

198. THE HONOURABLE MR. HOSSAIN IMAM (on behalf of the Honourable Rai Bahadur Lala Mathura Prasad Mehrotra) : Will Government be pleased to state what steps they propose to take to expedite the establishment of the Reserve Bank ?

THE HONOURABLE MR. J. B. TAYLOR : It is proposed that special discussions with Indian representatives will be held on this matter in London simultaneously with the Joint Select Committee discussions, and that selected representatives of Indian opinion will be specially invited to proceed to London for this purpose.

THE HONOURABLE MR. HOSSAIN IMAM : Do the Government propose to invite additional people or only the Members who are going to the Joint Select Committee ?

THE HONOURABLE MR. J. B. TAYLOR : I have nothing to add to my answer.

RESERVE BANK.

199. THE HONOURABLE MR. HOSSAIN IMAM (on behalf of the Honourable Rai Bahadur Lala Mathura Prasad Mehrotra) : (a) Is it a fact that a scheme for the Reserve Bank was drawn up some years back ?

(b) If the answer is in the affirmative, what has become of it ?

(c) Was it shelved or dropped ? If so, at what stage and for what reasons ?

(d) Is it the intention of Government to hold a special session at Simla in June to push the scheme ?

THE HONOURABLE MR. J. B. TAYLOR : (a) Yes.

(b) and (c). The Gold Standard and Reserve Bank Bill of 1928 was discussed in the Legislative Assembly in February that year and eventually postponed. The attention of the Honourable Member is invited to the record of discussions which show at what stage that action was taken and why it was taken.

(d) No action of this nature is at present being contemplated by Government.

THE HONOURABLE MR. HOSSAIN IMAM : Do we understand that Government's activity is the same as it was on that date ?

THE HONOURABLE MR. J. B. TAYLOR : Again I have nothing to add to my answer.

VIEWS OF THE INDIAN NATIONAL CONGRESS ON THE WHITE PAPER.

200. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : (a) Has the attention of Government been drawn to the notification of the Police Commissioner, Calcutta, warning residents and house owners not to receive or harbour delegates to the next Indian National Congress ?

(b) Has Government declared the National Congress as an unlawful body ?

(c) If the answer to (b) is in the negative, why are attempts being made to prohibit the holding of its annual session ?

(d) Is it the intention of Government to know the Congress views on the White Paper ? If it is so, how does Government propose to know them without letting them hold their session ?

THE HONOURABLE MR. M. G. HALLETT : (a) Yes. I have seen a statement to that effect in the Press.

(b) No.

(c) Though Congress has not been declared an unlawful association, it stands at the present moment for an unlawful movement as its activities are directed to unlawful ends.

(d) I would refer the Honourable Member to my answer to clause 3 (b) of his question No. 181 in this House on the 27th March, 1933. There is no objection to Congress leaders who are at liberty discussing and publishing their views on the White Paper.

THE HONOURABLE MR. HOSSAIN IMAM : Has the Government placed any ban on the publication of the presidential address delivered by Pandit Madan Mohan Malaviya at the last Calcutta Congress ?

THE HONOURABLE MR. M. G. HALLETT : The address, as far as I know, was never delivered. Certain copies which were attempted to be distributed at the meeting held on the Maidan were seized by the police.

THE HONOURABLE MR. HOSSAIN IMAM : But a summary has been published by the Government authority. That is why I ask the question.

THE HONOURABLE MR. M. G. HALLETT : A summary may have been published by the Government of Bengal but it does not necessarily follow that the whole speech will be allowed to be published.

STATEMENT LAID ON THE TABLE.

ARRANGEMENTS FOR THE MEDICAL EXAMINATION OF LADY DETENUS IN INDIAN JAILS.

THE HONOURABLE MR. M. G. HALLETT : Sir, I lay a statement on the table.

Statement containing a complete reply to the Honourable Mr. Jagadish Chandra Banerjee's question No. 73, regarding arrangements for the medical examination of lady detenues in the Indian Jails.

THE HONOURABLE MR. M. G. HALLETT : I understand there are thirteen women detenues in Bengal. The responsibility for all arrangements connected with their detention and treatment rests, under the Bengal Criminal Law Amendment Act, 1930, with the Government of Bengal.

BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL : Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the Bill to Supplement the Indian Tariff (Ottawa Trade Agreement) Amendment Act, 1932, which was passed by the Legislative Assembly at its meeting held on the 3rd April, 1933.

STATEMENT OF BUSINESS.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House) : I suggest, Sir, that in view of the desirability of expediting the remaining business of the session the Bill which has been laid on the table today might be taken on Friday next with one day's curtailment of the normal period of notice.

THE HONOURABLE MR. HOSAIN IMAM (Bihar and Orissa : Muhammadan):
We have no objection.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR
(Madras : Muhammadan) : I agree.

THE HONOURABLE MR. E. MILLER (Bombay Chamber of Commerce) :
So do we.

The Council then adjourned till Eleven of the Clock on Friday, the 7th April, 1933.

COUNCIL OF STATE.

Friday, 7th April, 1933.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

INDIAN TARIFF (OTTAWA TRADE AGREEMENT) SUPPLEMENTARY AMENDMENT BILL.

THE HONOURABLE MR. T. A. STEWART (Commerce Secretary): Sir, I move :

"That the Bill to supplement the Indian Tariff (Ottawa Trade Agreement) Amendment Act, 1932, as passed by the Legislative Assembly, be taken into consideration."

The object of this Bill is to correct a few inaccuracies and discrepancies that have been discovered in the Indian Tariff (Ottawa Trade Agreement) Amendment Act, 1932. I do not propose to take up the time of the Honourable Members of this House by repeating the explanations that have been given in the very full Statement of Objects and Reasons. I shall only refer to an addition that has been made by an official amendment in the other House the effect of which has been to include with other chemicals in a non-preferential item, the chemical alum. Alum was specifically excluded from preference by entry No. 30 of Schedule F to the Ottawa Trade Agreement. It was also excluded from preference by the fact that it was subject to a protective duty under the Heavy Chemical Industry Protection Act of 1931. That Act ceased to be operative except in respect of magnesium chloride on the 31st March last, and it has therefore become necessary to specify that alum is excluded from preferential treatment. Without such specification, alum would be included with other unspecified chemicals in item 181 of the Second Schedule to the Tariff Act and would be eligible for preference. For this reason there has been special inclusion of alum in item No. 88, as stated in clause 2 of the Schedule to the Bill.

Sir, I move.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern : Non-Muhammadan): Sir, at the outset let me thank you on behalf of the Hindu members of the House for your so kindly, at the representation of some of us the other day, cancelling the meeting of the Council that was originally fixed for the Ram Navami day.

Coming to the Bill, I am glad to find that the Government have realised that there are some inaccuracies and discrepancies in the Ottawa Trade Agreement Act which was rushed through in a hurry, and that by the measure now before the House those inaccuracies and discrepancies are proposed to be removed. One of such items is that relating to newsprint which, as the Statement of Objects and Reasons appended to the Bill says, is expressly excluded from preference by No. 120 of Schedule F to the Ottawa Trade Agreement, but which owing to a discrepancy is unintentionally subject to a

[Rai Bahadur Lala Jagdish Prasad.]

preferential tariff. I am glad to find that it is now proposed to clear the ambiguity by restoring newsprint to the non-preferential part of the Schedule. In the same way there are inaccuracies in respect of some other items which are now being rectified by the provisions of this measure. I therefore welcome the Bill. But before I resume my seat, Sir, I will ask the Government to throw some light on one point. I wish the Government to tell the House when they propose to appoint a Committee of this Council to enquire into and report on the actual working of and results achieved from the Ottawa Agreement, which the Government agreed to appoint as the result of a Resolution moved by my Honourable friend Rai Bahadur Lala Ram Saran Das on the 20th March last. I hope Government will carry out early the undertaking given by them on that occasion as the appointment of such a Committee is very necessary.

Lastly, Sir, I wish that the Government may bring forward before the Legislature at a very early date an anti-dumping legislation which is so badly wanted and is becoming so increasingly essential day by day for the safety and protection of the trade and industry of this country.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN (North-West Frontier Province : Nominated Non-Official) : Sir, from the Statement of Objects and Reasons appended to the Bill it appears that it is intended to correct a few inaccuracies and discrepancies in the Schedule of the Indian Tariff (Ottawa Trade Agreement) Amendment Act, 1932. I am not at all inclined to oppose the Bill under discussion, nor do I wish to be so understood on account of the remarks which I wish to make in this connection. What I want to say is this. So far as I understand it, the Ottawa Trade Agreement was entered into between the Government of India and His Majesty's Government in the United Kingdom through their representatives at Ottawa on the 20th August last. They mutually consented to Imperial preference. As Honourable Members will know, this question of Imperial preference is a very old one. It commenced somewhere in 1903, but at that time the Government of India did not think it proper to enter into any agreement ; but now the Government of India have changed their views and they have already agreed to India's preferential treatment of Empire products. It is equally obvious that the delegation used their very best endeavour and solicitude in bringing about the agreement. We are grateful to them for their exertions and I think it is advantageous to both the Government of India and the United Kingdom. But, Sir, what I say is that we in India are quite willing to give effect to it and if articles manufactured in the United Kingdom are as cheap as those of continental manufacture we are quite willing to buy them. We should prefer our money to go to the people in the United Kingdom because we are all the subjects of His Majesty, and I would that they benefited rather than that our money should go into the pockets of strangers. But I say that the arrangement should be reciprocal and Indians also should derive some advantage. In my speech dealing with the import duty on wheat I pointed out that the agriculturists in India had fallen on bad days in the last three or four years owing to the fall in prices of primary products. Some market should be found for their products and something should be done to improve their condition. And I am not here referring only to the agriculturists of the North-West Frontier and the Punjab. I have noticed that when Bills which happen to benefit that side of the country are brought here, Members from Bengal raise objections. I am referring here to all-India products and the country as a whole. I think it is time that something was done to obtain a market for India's products.

With these remarks, Sir, I support the Bill.

*THE HONOURABLE MR. BIJAY KUMAR BASU (Bengal : Nominated Non-Official): Sir, I do not want to take up the time of the House with regard to this Bill which I think will have the unanimous support of this House. There is one item on which I would like to have a little information—item No. 7, tea chests and parts and fittings thereof. What I feel is this, that we here in India import tea chests and fittings from England and we pack our tea in those chests and send them back to England where they are sold. Now if we had a preferential duty on tea chests, say, 10 per cent., we would be able to send tea to England at a cost 10 per cent. less and we should be in a much more favourable position to compete, say, with Java tea in England than we would be if this clause is accepted and non-preferential treatment is given to these tea chests. In the latter case also the public in England would have to pay a little more for Indian tea than they would otherwise do. I would like the Honourable Commerce Secretary to enlighten us on this point.

THE HONOURABLE MR. T. A. STEWART: Sir, in answer to the Honourable Mr. Basu I would explain that tea chests were not included as articles in respect of which preference should be given under the Ottawa Trade Agreement. I cannot therefore discuss his suggestion that at this stage they should be given such preference. The reason why tea chests are the subject of an amendment of the Schedule is as follows. Tea chests are usually composed of ply wood with metal fittings for the corners and hinges. The wooden part arriving in India would not be entitled to preference, but the metal parts arriving by themselves would be classified as hardware, which, under item 185 of the tariff, is entitled to preference. In order that there may be consistency in the assessment of tea chests and their parts it was decided that there should be a special non-preferential entry covering tea chests and their parts and fittings.

The Honourable Lala Jagdish Prasad has asked for an assurance that Government intends to keep its undertaking in respect of the examination of the result of the Ottawa Trade Agreement. I cannot see that at this stage there is any reason to believe that Government wishes to resile from the position it has already taken, and I would suggest that after three months' duration of the Trade Agreement it is somewhat premature to consider the appointment of a Committee in the near future.

THE HONOURABLE THE PRESIDENT: The question is :

• "That the Bill to supplement the Indian Tariff (Ottawa Trade Agreement) Amendment Act, 1932, as passed by the Legislative Assembly, be taken into consideration."

The motion was adopted.

Clause 2 was added to the Bill.

The Schedule was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. T. A. STEWART: Sir, I move :

"That the Bill, as passed by the Legislative Assembly, be passed."

*THE HONOURABLE MR. BIJAY KUMAR BASU: With reference to the answer given by the Honourable Mr. Stewart to the query that I made when the Bill was taken into consideration, I have to point out that by this

[Mr. Bijay Kumar Basu.]

amendment the parts and fittings of tea chests which would have come into the preferential duty tariff will now be transferred to the non-preferential duty tariff. As a matter of fact the wood for the tea chests would not have come under the Ottawa Agreement under the preferential tariff. That is a complete answer ; we could not have gone beyond that ; but, Sir, the parts and fittings which would come under the heading "Hardware" would have got preferential tariff. By this amendment we shall not get that preferential tariff duty on those fittings and parts of tea chests. I only want to point that out to the House before they pass this Bill.

THE HONOURABLE THE PRESIDENT : The question is :

"That the Bill to supplement the Indian Tariff (Ottawa Trade Agreement) Amendment Act, 1932, as passed by the Legislative Assembly be passed."

The motion was adopted.

STATEMENT OF BUSINESS.

THE HONOURABLE MR. M. G. HALLETT (Home Secretary) : Sir, in the unavoidable absence of the Honourable Leader of the House, I ask your permission to make a statement of business.

In anticipation of the passing of certain Bills by the Legislative Assembly in the course of the meetings today and tomorrow, I would suggest that, with your approval, the Council might meet tomorrow afternoon at 5 P.M. to enable Bills passed by the Assembly to be laid on the table.

I would then propose that these Bills be proceeded with on Monday if you, Sir, will direct in pursuance of rule 27, that the usual three days period of notice may be so curtailed.

THE HONOURABLE THE PRESIDENT : I think under the circumstances narrated by Mr. Hallett on behalf of the Honourable the Leader of the House, the only course possible is that I should adjourn this House till 5 P.M. tomorrow and if any Bills are placed on the table by that time the House should proceed to deal with those Bills on Monday morning. However, I should like to take the sense of the House.

THE HONOURABLE MR. BIJAY KUMAR BASU (Bengal : Nominated Non-Official) : Where is the time to give notice of amendments ?

THE HONOURABLE THE PRESIDENT : Under the circumstances I am prepared to suspend the operation of Standing Order 45. We will deal with amendments also. You can give notice of amendments till 10 A.M. on Monday morning.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern : Non-Muhammadan) : We agree.

THE HONOURABLE MR. E. MILLER (Bombay Chamber of Commerce) : I have no objection.

The Council then adjourned till Five of the Clock on Saturday, the 8th April, 1933.

ERRATUM.

In Nos. 7, 10 and 14, pages 219 and 230, 289 and 298, and 460, respectively, of the Council of State Debates, Volume I, 1933, insert an asterisk against the name of the Honourable Mr. Hoassain Imam and add as footnote: " *Speech not corrected by the Honourable Member."

COUNCIL OF STATE.

Saturday, 8th April, 1933.

The Council met in the Council Chamber of the Council House at Five of the Clock, the Honourable the President in the Chair.

QUESTION AND ANSWER.

CHAPTERS II AND III OF THE BENGAL PUBLIC SECURITY ACT.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (on behalf of the Honourable Rai Bahadur Lala Mathura Prasad Mehrotra) : Were the Government of India consulted in the matter of the putting into operation of Chapters II and III of the Bengal Public Security Act ? If so, did they approve the action taken by the Government of Bengal ?

THE HONOURABLE MR. M. G. HALLETT : The answer to the first part is in the negative. The second part does not arise.

STATEMENT LAID ON THE TABLE.

STANDING COMMITTEES FORMED ANNUALLY FROM MEMBERS OF THE COUNCIL OF STATE.

THE HONOURABLE MR. M. G. HALLETT (Home Secretary) : Sir, I lay on the table the information promised in reply to question No. 152 asked by the Honourable Mr. Bijay Kumar Basu (on behalf of the Honourable Mr. Satyendra Chandra Ghosh Maulik) on the 13th March, 1933.

(a) and (b). The information is given in the statement attached.

(c) As the abovementioned statement shows, the answer is in the negative.

(d) Ordinarily Honourable Members of the Council of State are invited to attend the meetings of any Standing Committee of which they are members. There have been, however, a few meetings of the Standing Advisory Committee attached to the Department of Industries and Labour to which Honourable Members were not invited because at the time they were either out of India or not present at the headquarters of Government. On one occasion, for example, Honourable Members were not invited in order to save them the inconvenience of a journey to Delhi nearly a month in advance of the Session of the Council of State ; relevant papers were, however, sent to them in advance for favour of advice and remarks on the questions fixed for discussion at the meeting.

Statement showing the number of meetings held by the Standing Advisory Committee, etc., attached to certain Departments of the Government of India.

Year.	Number of meetings held.	Remarks.
DEPARTMENT OF COMMERCE.		
<i>Standing Advisory Committee.</i>		
1922 . .	<i>Nil</i>	Notification nominating members to the Advisory Committee issued on the 16th November 1922. The Committee could not, therefore, be summoned till the Indian Legislature met in January 1923.
1923 . .	2	
1924 . .	3	
1925 . .	<i>Nil</i>	There was only one case ripe for submission to the Standing Advisory Committee of 1925, but by the time this case was ready, the Council of State had been dissolved and the Committee ceased to exist. The facts of the case were, however, placed in January 1926 before the members of the Committee who were also members of the Assembly.
1926 . .	<i>Nil</i>	It was not possible to constitute the Standing Committee for the Department of Commerce for 1926 as all the gentlemen nominated to be members did not intimate their willingness to serve on it, until only 2 days before the end of the concluding session of the second Legislative Assembly, which was then dissolved.
1927 . .	<i>Nil</i>	Notification formally nominating the members to the Committee to be attached to this Department issued in September 1927 when the last session of the Indian Legislature at Simla had nearly come to an end and it was, therefore, not possible to summon any meeting in 1927.
1928 . .	5	
1929 . .	3	
1930 . .	<i>Nil</i>	A meeting of the Committee was summoned on the 8th July 1930 but as only one Member turned up, the meeting could not take place.
1931 . .	<i>Nil</i>	As the members for the Committee for 1931-32 were elected by the Indian Legislature when its Delhi Session of 1931 had nearly come to an end it was not found possible to summon a meeting during that session, nor could a meeting of the Committee be summoned during the Simla Session of the Legislature in September 1931 as owing to the 2nd Session of the Indian Round Table Conference all the members of the Committee were not available.
1932 . .	<i>Nil</i>	No cases were ready for submission to the Committee during 1932. A new Committee for 1932-33 was constituted during the last Simla Session of the Legislature.
1933 . .	<i>Nil</i>	No case is yet ripe for being placed before the Committee during the present session of the Legislature.

Year.	Number of meetings held.	Remarks.
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DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

<i>Standing Advisory Committee.</i>		
1922	Nil	
1923	1	
1924	1	
1925	1	
1926	Nil	
1927	Nil	
1928	1	
1929	Nil	} No Committee was constituted during these years.
1930	Nil	
1931	1	
1932	Nil	
1933 (to date).	Nil	

<i>Standing Emigration Committee.</i>		
1922	13	
1923	4	
1924	4	
1925	5	
1926	4	
1927	3	
1928	2	
1929	5	
1930	2	
1931	2	
1932	1	
1933 (to date).	1	

Standing Committee on Pilgrimage to Hejaz (constituted in 1930).

1930	1
1931	4
1932	2
1933 (to date).	1

DEPARTMENT OF INDUSTRIES AND LABOUR.

<i>Standing Advisory Committee.</i>		
1922	Nil	
1923	1*	*It was a combined meeting for the Departments of Commerce and Industries.
1924	2	
1925	3	
1926	2	
1927	Nil	
1928	4	
1929	2	
1930	1	
1931	Nil	
1932	2	

<i>Standing Committee on Roads.</i>		
1929	1	
1930	3	
1931	3	
1932	3	
1933	1	

Year.	Number of meetings held.	Remarks.
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RAILWAY DEPARTMENT (RAILWAY BOARD).

Central Advisory Council for Railways.

1924	.	.	5
1925	.	.	3
1926	.	.	2
1927	.	.	<i>Nil</i>
1928	.	.	2
1929	.	.	2
1930	.	.	3
1931	.	.	1
1932	.	.	<i>Nil</i>
1933	.	.	1

BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL : Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the following Bills which were passed by the Legislative Assembly at its meeting held on the 7th April, 1933, namely :

A Bill to supplement the provisions of the Bengal Public Security Act, 1932, the Bihar and Orissa Public Safety Act, 1933, the Bombay Special (Emergency) Powers Act, 1932, the United Provinces Special Powers Act, 1932, and the Punjab Criminal Law (Amendment) Act, 1932, for certain purposes.

A Bill further to amend the Auxiliary Force Act, 1920, for certain purposes.

The Council then adjourned till Eleven of the Clock on Monday, the 10th April, 1933.

COUNCIL OF STATE.

Monday, 10th April, 1933.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

PROVINCIAL CRIMINAL LAW SUPPLEMENTING BILL.

THE HONOURABLE MR. M. G. HALLETT (Home Secretary) : Sir, I rise to move :

"That the Bill to supplement the provisions of the Bengal Public Security Act, 1932, the Bihar and Orissa Public Safety Act, 1933, the Bombay Special (Emergency) Powers Act, 1932, the United Provinces Special Powers Act, 1932, and the Punjab Criminal Law (Amendment) Act, 1932, for certain purposes, as passed by the Legislative Assembly, be taken into consideration."

Sir, it has been my duty during the short time I have been a Member of this Council to move the consideration of two other Bills which were designed to give local Governments necessary powers to deal with subversive movements, Bills which in some quarters were criticised as repressive legislation, but which I am glad to say that this Council, with a true appreciation of the realities of the situation has accepted and has passed with considerable unanimity. This Bill which I now commend to this Council is simpler than those which I dealt with on previous occasions. It will be remembered that at the time when it was decided to replace the Ordinances, and in particular the Special Powers Ordinance which was promulgated in July last, by legislation, the Government of India decided after a full review of the general situation that it was desirable to divide up legislation between the centre and the provinces. Certain powers which in their opinion were or would be required for the whole or greater part of British India were included in the Bill introduced in the central Legislature and passed in November last. It was left to the local Governments to decide in the light of local conditions what further powers they required in their own provinces. Local conditions differ considerably and the five Bills which have been passed differ in matters of detail though in their general form they are based on the provisions of the previous Ordinances. It is not relevant here to go into the details of those Bills except in so far as it is necessary to explain the provisions of this Bill before the Council. It will be seen on a reference to the Bill that clause 2 refers only to the Bengal Public Security Act, 1932. The Bengal Government and the Bengal Legislature by a large majority considered that it was necessary to make provision in that province for the appointment of Special Magistrates who would try certain cases if a situation arose which justified their appointment. They were only to try offences, punishable under the Act which they passed, or committed in furtherance of a movement prejudicial to the public security. It must be remembered that Bengal being a Regulation province, it is not possible to appoint Magistrates with power under section 30 of the Criminal Procedure Code as is possible in provinces such as the Punjab or the Central Provinces. They therefore included this provision, but having made

[Mr. M. G. Hallett.]

that provision for the appointment of these Magistrates, it is necessary for them to provide for appeals in the town of Calcutta itself. As those who are acquainted with Calcutta will know, the High Court there in certain respects exercises the appellate powers of a Sessions Judge. Therefore, clause 2 provides that any sentence passed by a Special Magistrate in any trial under the Bengal Public Security Act in the presidency town of Calcutta shall be appealable to the High Court of Judicature at Fort William. Similarly, on the same principle as is followed in section 30 of the Criminal Procedure Code, sentences exceeding four years passed by a Special Magistrate anywhere in the presidency are appealable to the High Court, sentences below four years being appealable under the ordinary law to the Sessions Judge. That section is, I think, quite simple, and is similar to the section which was included in the Bill which was passed by this Council last November to supplement the Bengal Terrorist Outrages Act.

We then get on to clauses 3 and 4. These clauses are directed to bar the jurisdiction of High Courts in certain respects. They are based on a section which was included in the Ordinance, section 78. In the first place, provisions have been inserted in a number of special local Acts providing protection for acts done or intended to be done in good faith under those Acts. Provisions of this nature have been included in the Act for Bihar and Orissa, Bombay, the United Provinces and Bengal. These provisions, however, as they stand in the local Acts can only apply to the courts subordinate to the High Courts and cannot bind the High Courts. The local Legislatures have no jurisdiction to deal with any matter which affects their High Court in their province. We propose that these provisions should extend also to the High Courts and we propose to enact in clause 3 that those sections shall have effect as if passed by the Indian Legislature.

In the second place, provisions have been inserted in certain of the local Acts that proceedings or orders purporting to be taken or made under the Act should not be called in question by any Court. Provisions on these lines exist in the Acts in Bombay, the United Provinces and Bengal and just as in the case of what I may call the indemnity provisions, to which I have referred just now, it is proposed by this legislation to extend the bar of jurisdiction beyond the subordinate courts and to apply it also to the High Court, so also it is proposed to enact that it will not be possible to call in question in the High Court proceedings or orders purporting to be made under the Acts passed by the local Legislatures. It may be somewhat obscure to Honourable Members why we have to include a special clause, clause 4, to deal with the Bengal Act and why we could not include the Bengal Act in clause 3. There is no substantial difference between the two and it is really only a matter of drafting. The reason is that when the matter was under discussion in the Bengal Legislative Council the question arose as to the jurisdiction of that Legislative Council to pass any clause which would affect the jurisdiction of the High Court. To make the matter clear they inserted a proviso in section 27 of their Act to the effect that :

“ nothing in this section shall affect the jurisdiction of the High Court ”.

It was explained when the matter was under discussion in the Bengal Legislative Council that it was not within the jurisdiction of the local Legislative Council to affect the powers of the High Court. It was to clear up that doubt and to make it perfectly plain that the local Legislature was not enacting a section which was *ultra vires* that this proviso was inserted, and

may quote what the Government Member in charge of the Bill in the Bengal Council said at that time. The Honourable Mr. Prentice said as follows :

" I would also make another thing clear. It must be clearly understood that this proviso is not interpreted as interfering with the freedom of the local Government to attain the introduction of legislation subsequently by which the jurisdiction of the High Court may be barred in the same way as subsequent legislation will be introduced in order to supplement clause 18 in respect of appeals ".

The Bengal Government, taking that view, requested us to introduce the necessary legislation in the central Legislature and we have acceded to that request and have included this clause in the Bill.

I now pass on to clause 5 of the Bill which it will be seen only refers to one Act, the Punjab Criminal Law (Amendment) Act of 1932. The proposal is that the *habeas corpus* provision of the Criminal Procedure Code should not be exercised in respect of persons committed to or detained in custody under the provisions of the Punjab Act. That is in fact a rather more limited provision than the general provision, which we have in the case of the other provincial Acts, that none of the proceedings or orders purporting to be taken or made under the Act should be called in question by any court. But the Government of the Punjab were satisfied that this bar of the *habeas corpus* jurisdiction was sufficient. I may explain that during the discussion of the Bill in the Punjab Council it was explained by the Government Member in charge that they intended to use section 2 of their Act chiefly, if not entirely, against terrorists. Section 2 gives power to arrest and detain suspected persons, and it is in respect of persons against whom such action is to be taken that we wish to have this bar of jurisdiction against the High Court.

Finally, there is clause 6 of the Bill which was introduced during the discussion in another place. That again is put in as a measure of caution to make the legal position clear and to show that the Government of India cannot and do not do anything that is *ultra vires* or that is beyond their jurisdiction. The Government of India and the central Legislature cannot do anything to affect the provisions of the Government of India Act and therefore we have specifically stated that nothing in this Act will effect the powers of the High Court under section 107 of the Government of India Act.

Those, Sir, are the provisions of this Bill which as I say is to supplement the Bills passed by large majorities in the provincial Councils. I trust that this Council will treat it as kindly as they have treated the other Bills I have introduced, and I trust that it will not be my duty to introduce any further Bill to supplement the criminal law of the land and that these powers will be found sufficient to enable local Governments and local executives to deal with any subversive movement that may arise now or in future.

Sir, I move.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK (West Bengal : Non-Muhammadan) : Sir, in my criticism of this Bill there may be some similarity in my arguments with those employed by Congress men. I employ those arguments because I feel after examining them that they are unanswerable. I am not a Congress man. With their methods and activities I have no sympathy. I have been the victim in many instances of Congress men in my province. However much I may believe in and support constitutional authority, and however much I may be prepared to allow them special powers to cope with the situation which is more or less of their own creation, I refuse to arm them with powers which are subversive of the elementary ideas of personal rights and liberties of the individual. We have

[Mr. Satyendra Chandra Ghosh Maulik.]

been told for generations and have been led to believe that the British courts of justice had always preserved and are very jealous of the rights and liberties of the individual. Anybody coming to a court always thought that he was going to get justice pure and undefiled. This, if I may say so, has been the cornerstone of the British Empire in India. It is not the British bayonets that have really kept 350 millions of Indians in subjection, but the keen sense of justice shown by the administrators and felt by the country. That has kept us bound to the British Throne in spite of many broken pledges and unredeemed promises. But I venture to submit that it is too much for me to support a piece of legislation which goes against all canons of jurisprudence. Legislation which seeks to deprive a man of the right of *habeas corpus* cannot possibly have my support or the support of any right-thinking man either here or outside the Council. There is one provision in this Act which gives power of appeal to an accused under certain circumstances, which may be considered as the only redeeming feature of the Bill under discussion. That too, as has been pointed out in the Legislative Assembly, is a doubtful privilege. I would here point out that this right of appeal extends sentences of over four years' imprisonment. But may I know what will be the proportion of such cases? There have been cases where persons who are acquitted and discharged as the result of an appeal have harassed and re-arrested under various pretexts even in the precincts of those courts. Between their acquittal and re-arrest a space of time cannot be calculated even by the Greenwich chronometer, not to talk of the old *Jantar Mantar* of Delhi. I call it an elusive right, a bait put forward to be swallowed by the Legislature and make the passage of the more rigorous sections smoother.

Section 3 of this Bill, as has been described by the leader of the Nationalist Party in the Assembly, provides for an indemnity in advance. This piece of legislation seeks to take away the liberties of the subject and the legal remedies hitherto open to him. Government officers are protected by many other enactments such as the Judicial Officers Protection Act and the relevant sections of the Penal Code. I think Government should have some faith in their own courts, and if they are able to satisfy those courts that they have acted in good faith they need have no fear. This section will have the effect of shifting the onus of proof from the defendant to the plaintiff. We have heard of the "Divine right of kings". We have heard of the maxim "The King can do no wrong". But before this Bill was introduced we did not know that the maxim applies even to a police constable. The idea is gaining ground that the Government is following a vindictive attitude under the cloak of law and order. People realize and think with some amount of justification that the Government mean to govern, not with the good will of the governed, but by treading under foot the 350 millions whose destiny has unfortunately been placed under their care. We are not living in the days when a "Tooth for a tooth" or "An eye for an eye" was the accepted principle of legislation. We are living in the 20th Century when people believe that after all the good will of the governed is necessary for the smooth working of the Government and the progress of the country. It is rather strange that Britishers who are at the helm of the administration, to whom the idea of freedom is inborn and whose love of the democratic system of government is proverbial, should have thought fit to bring forward a legislation of such a nature. True no doubt that the provincial Legislatures have passed similar enactments. I regret the action of the elected members there. This should have been an issue for an election and then and then only would the Government have found out what the public thought of these Acts. We fear to face the constituency on these issues. The

glamour of a seat in the Council or the prospect of an official favour, a pat on the back or a smile of recognition, have been too much for us. We are too much engrossed with ourselves, for our personal ends of gain and fail to play the part of real representatives of the people.

I know that I am crying in the wilderness and that the Bill will have the blessings of the House in no time. But, Sir, let me point out that the Government is doing a great mistake by enacting such extraordinary laws. By their action the Government are tending the people towards exasperation. With all the constitutional reform looming large on the horizon I thought this was the proper time for Government to seek the good will and co-operation of the country to enable with smoothness the functioning of the new constitution, but instead we are asked to provide fresh and new weapons and the most lethal ones in the armoury of the Government arming the police and the lower executive with powers that cannot but make them drunk and the use of which would endanger the very foundation of British Government in India. I therefore take this opportunity of warning the Government that they are on the brink of a precipice and every action of theirs which may be a false step will land the whole country in ruin and disaster. I may repeat here what a Bengali poet has sung :

“ Yata toder bnadhan shakta habey,

Moder bnadhan tootbey ;

Yata toder ankhi rakta habey,

Moder ankhi khoobey ”,

which means that the more you tighten your knot, our bond of slavery will loosen ; the more you show your red eyes, our eyes will open.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : Sir, I rise to oppose the Bill before the House in as much as it seeks to practise a legal fraud on the people. The provincial Ordinance Acts, whatever may be their names, Sir, have already embittered the feelings of a vast section of the people, alienated their sympathy for Government, have created disaffection among them for the officials, tarnished the fair name of justice of the Britishers in India and last but not least have brought for Government contempt, and now, if on the eve of the new constitutional reform this Bill is passed into an Act it will add another black chapter to the history of India under the Britishers.

• Clauses 3 and 4 of the Bill give a blank cheque to the officers whose actions could not be called in question by even the High Courts which means that they are going to be indemnified by this Bill which is a matter that should never be allowed to be on the Statute-book. In plain words, Sir, so far as these two clauses of the Bill are concerned, the people are going to be deprived of their liberty to seek relief in the High Courts. Already there have been many abuses of the provisions of the Ordinance Acts for which the people have had no redress of their grievances and there have been illegal actions too on the part of over zealous officers, as, for example, in the city of Calcutta where, under cover of the Bengal Public Security Act, eminent persons such as the venerable Pandit Malaviya, Mr. Aney and others were arrested and detained in goals and subjected to indignities although they were not members of any unlawful bodies such as the Reception Committee of the Calcutta Congress or of the Working Committee. Non-co-operators as they are, they have not challenged the legality of their arrests, but if they would have made any test case the result would have been surely not to the satisfaction of the authorities. However, Sir, if this present Bill is passed into an Act, the little privilege and right which the people now enjoy even after the passing-

[Mr. Jagadish Chandra Banerjee.]

of so many Ordinance Bills in the provinces, would be reduced to nil, and the High Courts too would be debarred from taking any action on the acts done by the officers in so-called good faith under the Ordinance Acts.

And lastly, Sir, as clause 5 intends to curtail the power of the Lahore High Court to issue the writ of *habeas corpus* in respect of any person arrested, or committed to or detained in custody under the provisions of the Punjab Criminal Law Amendment Act, 1932, this Bill, when passed into an Act, will be looked down upon and regarded by the people as a piece of lawless law.

With these few words, Sir, I should like to oppose the entire Bill and hope that the House will agree to throw it out summarily as it is unnecessary, uncalled for and unwanted in the present circumstances of the country.

THE HONOURABLE MR. M. G. HALLETT: Sir, I do not think there is very much need for me to speak at any length in reply to the speeches that have been made. As on other occasions, this Bill has been attacked on the ground that it takes away the right of liberty of the subject. It must be remembered, however, that the powers given by the provincial Bills and by the central Bill which has been passed last session are only exercised very moderately. The total percentage of persons against whom action has been taken in exercise of these special powers is small compared to the total population of British India. I quoted some figures when I was speaking on one of these Bills on the last occasion and referred to the number of persons that had been convicted under the Ordinances. I could quote figures to show that the number of persons against whom executive action has been taken in exercise of these powers is even smaller still. We must recognise that there is a small minority—and I hope a rapidly decreasing minority—who think that they can coerce Government, can coerce their fellow-citizens, by methods of intimidation and terrorism. It is against that small minority that these powers are directed and the ordinary man need have no fear that he will be affected in any way by this Act or by the fact that this Act takes away the right of making references against executive orders to the High Court. It should be recognised that even this Bill does not in any way affect the ordinary rights of appeal to the High Court. As I have shown, there is a definite provision in section 2 for appeals in Calcutta and Bengal. In other cases, in other provinces, the right of appeal and the power of revision by the High Court, in criminal prosecutions will remain; one province has specifically mentioned that point—the United Provinces—although there was really no necessity to do so. The last speaker also stated that these Acts have embittered a large number of people of this country. I think that on an impartial view of the situation a different view might be taken and it might well be held that the improvement in conditions which has taken place in the last two or three months is on the whole due to the fact that the people of the country recognise that these Acts are necessary and have endorsed the action of the Legislatures, both provincial and central, in passing these Bills. I trust therefore that the House will accept this Bill as they have done the previous ones.

THE HONOURABLE THE PRESIDENT: The question is :

"That the Bill to supplement the provisions of the Bengal Public Security Act, 1932, the Bihar and Orissa Public Safety Act, 1933, the Bombay Special (Emergency) Powers Act, 1932, the United Provinces Special Powers Act, 1932, and the Punjab Criminal Law (Amendment) Act, 1932, for certain purposes, as passed by the Legislative Assembly, be taken into consideration."

The motion was adopted.

Clauses 2 to 6 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. M. G. HALLETT: Sir, I move :

“ That the Bill, as passed by the Legislative Assembly, be passed. ”

THE HONOURABLE MR. VINAYAK VITHAL KALIKAR (Central Provinces : General) : Sir, in taking part in this debate at this stage I believe I am in good company. My Honourable friend, Mr. Ghosh Maulik, has just in his able speech opposed the Bill and has stated the grounds on which he wishes to oppose the Bill. My Honourable friend, Mr. Hallett, says that, as we passed in the last session a Bill having provisions similar to those in the present Bill, we should support this Bill also. But the difference is there, Sir, that that Bill related to the terrorist activities and this Bill is a Bill which is practically a supplementary Bill to the Ordinance Act which we opposed on this side of the House in the last November session. As I said on that occasion, Sir, the real remedy for bringing under control these activities—which you desire to bring under control by this sort of repressive legislation—is not by passing such repressive legislation but by giving further reforms and by taking the people of the country into your confidence. Any repressive legislation which you want to pass for good government must have the support of the people of the country. You might have been successful in carrying out repressive legislation—I mean the Ordinance Act—by the support of both Houses of the Indian Legislature but the opinion outside throughout the country was against passing such repressive legislation and by this Act you propose to take away the rights of accused persons from appealing to the High Court and the fundamental rights which every British subject must enjoy—I mean the right of *habeas corpus*—that also you want to take away. The people in India have got the greatest confidence in the justice of the High Court and I submit you are not proceeding on the right lines in shaking that confidence. By passing legislative measures like this you are helping the people—those people who have lost confidence even in British justice—you are helping the cause of these people and practically you are playing into their hands. Sir, those who have to deal with litigation, know fully that in some cases, where the lower courts have sentenced people to heavy punishments, they have been acquitted on appeal to the High Court. We have seen cases where the lower courts have given punishments of imprisonment but the High Courts have found them not guilty and have acquitted them. So, Sir, it is only the High Court that has created confidence in British justice and if you proceed in these directions not only will you shake the confidence of the people but you will support those persons, I mean those Congressmen who are boycotting the courts. You have published White Paper proposals, you are meeting in London for the purpose of framing the new Government of India Act, but at the same time you are passing repressive measures like this. I submit no constitutional proposals will be supported if by the power of the executive you simultaneously carry on repressive legislation. You are taking away the liberties and rights of the people and you are giving more power to the executive. Under British rule the High Court, at least up to the present time, has controlled to some extent the power of the executive. If by passing such legislation you want to deprive the High Court of that power I do not know where you will land yourself and in what way you will help the agitators who have boycotted the British courts.

[Mr. Vinayak Vithal Kalikar.]

It is in our interests, I mean in the interests of those people who differ with the Congress people, and it is in your interest also that you must not play into the hands of the agitator. I therefore submit, Sir, that this is a wrong step that you are taking and you are practically helping the Congress people. What do we see in England? Two or three British subjects have been arrested in Russia and the whole House of Commons is against them, they are going even to the extent of severing their connection with Russia. But here we find repressive measure after repressive measure being passed and power being taken away from the High Courts which you have established. We see, Sir, in the Bill certain projects which take away the power of the High Court. While you give power under clause 2 (a) you take away the power of the High Court under clause 2 (b). We see that the power of the High Court even so far as imprisonments are concerned is taken away. So what I submit in short is this that by passing these laws for controlling the activities of the Congress you deny the Congressmen the ordinary rights as human beings. You must allow them the enjoyment of the rights to which they are entitled and to which every British citizen is entitled in the British Commonwealth. I mean the right of appeal, of engaging pleaders and conducting their defence and if you deprive them of all these powers I submit you are practically depriving an individual of his rights and liberties. I therefore oppose the Bill.

THE HONOURABLE MR. M. G. HALLETT: Sir, I must give the same reply to the Honourable Member as I gave before. I think he still labours under the impression which I endeavoured to meet in my first speech. No right of appeal is taken away. If a person is prosecuted under these Acts or under any of the other Acts which have been passed for dealing with the civil disobedience movement, if he is convicted by a lower court and if he considers that the conviction is wrong or the sentence is unduly heavy, he has the right of going to the High Court and the High Court can upset that conviction or sentence. In fact, as Honourable Members probably have noticed, in some cases in which the accused himself has not thought fit to go to the High Court, a person who calls himself *amicus curiæ* goes before the High Court and gets the order modified or reversed. There is no doubt that he is given the ordinary right of appeal. The Honourable Member referred in particular to clause 2(b) as reducing the powers of the High Courts. That clause, as I have already explained, is exactly on the same lines as the provision in the Criminal Procedure Code regarding magistrates with powers under section 30. In cases where a small sentence is imposed, the appeal is to the Sessions Judge. If necessary, the accused can then go on revision to the High Court. Similarly, here the appeal goes to the Sessions Judge in the case of small sentences and to the High Court when a sentence of more than four years is imposed. These Acts, therefore, do not in any way restrict the ordinary right of appeal against criminal convictions. They merely protect Government officers and executive officers from being harassed by unnecessary references to the High Court. They prevent delays in criminal cases and expedite the disposal of these cases. I do not think any one need be afraid that the liberty of the subject on a large scale will be removed by the passing of this Bill.

THE HONOURABLE THE PRESIDENT: The question is:

"That the Bill, as passed by the Legislative Assembly, be passed."

The motion was adopted.

AUXILIARY FORCE (AMENDMENT) BILL.

THE HONOURABLE MR. J. BARTLEY (Government of India : Nominated Official) : Sir, I beg to move :

"That the Bill further to amend the Auxiliary Force Act, 1920, for certain purposes, as passed by the Legislative Assembly, be taken into consideration."

Sir, the honour of making this motion has devolved upon me owing to a circumstance which the House will regret as much as I regret it myself, namely, the illness of His Excellency the Commander-in-Chief, who is unable to be present today. The House will no doubt sympathise with him and will regret that his knowledge and experience is not at their disposal and I hope that it will extend to me a certain degree of forbearance in the position in which I find myself. Fortunately, however, Sir, this Bill does not require any elaborate exegesis or any impassioned advocacy because it is aimed at producing two results which will commend themselves to this House, efficiency and economy. The Auxiliary Force Act has now been on the Statute-book for 13 years and the experience of those years has led to the conclusion that certain of the provisions are lacking in elasticity and prevent the achievement of certain economies which the Army Department saw could be attained without loss of efficiency and which they desire to attain. This Bill introduces into the Act some slight modifications by which these economies will be brought about. The Force has hitherto been organised in three classes, the Active Class in which members of the Force under the age of 31 were automatically included, Reserve Class A containing those members who had passed the age of 31 and were still under 40, and Reserve Class B containing the members over the age of 40; and the Schedule laid down a rigid scale of training for each of these classes. There was power under the Act to reduce the training in the case of individuals, but there was no power to reduce the amount of training prescribed in the case of whole units, and even if, consistent with efficiency, it was desirable to reduce the amount of training, it was impossible to do so under the Act. Now, the training is really the expensive feature of the administration of this Act. Amendments introduced by this Bill reorganise the Force into two classes only, an Active Class and a Reserve Class and give power to the Officer Commanding the Corps or Unit to decide precisely how much training is necessary in a particular year for his Corps or Unit. The age limits of the various classes have been removed and a more elastic power is given of transferring from one class to the other individual members. This will enable the authorities to include in the Active Class at any particular time only those members who are likely to be called upon in an emergency and who are likely to be available in an emergency if so called upon. There are a good many members of the Active Class who by reason of their occupation are not likely to be available. In an emergency they will be required elsewhere and will not be available for the purpose of the Auxiliary Force. There are also always certain members of the Active Class on leave. They could be transferred to the Reserve Class and re-transferred to the Active Class in accordance with the expediencies of the moment. That is the main principle involved in the Bill before us. Certain minor changes in the Act have also been made for the more convenient administration of the system. "Competent military authority" which was rather rigidly defined in the Act, has been now defined in a more elastic manner so as to permit that officer to be specified as the competent military authority, in respect of any particular power or duty of the competent military authority who in practice is the most appropriate person to perform the particular function in question. The proposals contained in the Bill were discussed in November by a Committee and that Committee succeeded in reaching a very

[Mr. J. Bartley.]

large measure of agreement. The Bill itself was considered in Select Committee and in that Select Committee no changes were made. One small amendment was made during the passage of the Bill in the Lower House, which merely implemented more fully one of the objects which had been adumbrated in the Bill as introduced.

I think, Sir, it is unnecessary to deal in any greater detail with the measure, which I am sure will commend itself to the House.

Sir, I move.

The motion was adopted.

Clauses 2 to 13 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. J. BARTLEY : Sir, I move :

"That the Bill further to amend the Auxiliary Force Act, 1920, for certain purposes, as passed by the Legislative Assembly, be passed."

The motion was adopted.

STATEMENT OF BUSINESS.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House) : With your permission, Sir, I desire to make a statement with regard to the course of legislative business now outstanding.

It is hoped that there may be a Bill from the other House ready for laying on the table tomorrow, but I am not yet in a position to estimate accurately when we may expect to receive the remaining Bills that are before that House.

I would propose, therefore, Sir, that this House might meet at 5 P.M. tomorrow for the laying on the table of any Bills meanwhile received from the other House. I hope to be in a better position tomorrow evening to decide the further course of legislation in relation to the Bills that may then be outstanding.

The Council then adjourned till Five of the Clock on Tuesday, the 11th April, 1933.

COUNCIL OF STATE.

Tuesday, 11th April, 1933.

The Council met in the Council Chamber of the Council House at Five of the Clock, the Honourable the President in the Chair.

SHORT NOTICE QUESTION AND ANSWER.

THE HONOURABLE THE PRESIDENT : The Honourable Mr. Kalikar has got leave to ask a short notice question. As it has not been circulated, will the Honourable Member please read it ?

LETTER FROM MR. GANDHI TO HIS EXCELLENCY THE VICEROY.

THE HONOURABLE MR. VINAYAK VITHAL [KALIKAR : Will Government be pleased to state :

(a) Has the attention of Government been drawn to an Associated Press message in the *Hindustan Times* of 9th April regarding a letter from Mahatma Gandhi to His Excellency the Viceroy ?

(b) Is it a fact that His Excellency the Viceroy or the Government of India requested Mahatma Gandhi to express his views on the White Paper proposals ?

(c) If the answer to part (b) is in the affirmative, was Mahatma Gandhi supplied with a copy of the White Paper and given other facilities to express his views ? If not, why not ?

(d) Does Government propose to secure the co-operation of the Indian National Congress in framing the new constitutional proposals ?

(e) In view of the opinions expressed by Mahatma Gandhi in his above mentioned letter regarding the civil disobedience movement, does Government propose to give him necessary facilities to consult his colleagues on the executive body of the Indian National Congress on the question of calling off the civil disobedience movement and taking part in the framing of the new Government of India Bill ?

THE HONOURABLE MR. M. G. HALLETT : (a) Yes. I shall answer parts (b), (c) and (e) together, with your permission, Sir.

(b), (c) and (e). There is no truth whatever in the statement appearing originally in the *Bombay Chronicle* of 8th April that it had been decided to ask Mr. Gandhi to give to the Viceroy a statement of his views as to the present situation and the proposals which emerged from the third Round Table Conference and are now embodied in the White Paper. Nor has Mr. Gandhi of his own initiative addressed any such statement to the Viceroy or to the Government of India. As there has been no such correspondence questions (c) and (e) do not arise.

(d) It is always open to the Indian National Congress to co-operate in framing the new constitutional proposals should they wish to do so.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : May we understand, Sir, that the report as published in the papers was incorrect ?

THE HONOURABLE MR. M. G. HALLETT : It was entirely without foundation, Sir.

BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL : Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the Bill further to amend the Indian Merchant Shipping Act, 1923, for certain purposes, which was passed by the Legislative Assembly at its meeting held on the 10th April, 1933.

STATEMENT OF BUSINESS.

THE HONOURABLE THE PRESIDENT : Is the Honourable Leader of the House in a position to make any statement regarding the course of public business ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House) : Sir, the course of events in the other House has been more than usually uncertain. There is, however, reason for me to believe that certain Bills will be passed in the course of today and tomorrow. I therefore suggest that we meet tomorrow at 7 P.M. to enable these Bills to be laid on the table in accordance with rules, and then meet again on Saturday in order to proceed with the Bill that has been laid today and the Bills which will be laid tomorrow.

THE HONOURABLE THE PRESIDENT : I entirely approve of the suggestion made by the Honourable Leader of the House. Tomorrow evening we will only meet for the purpose of laying on the table any Bills that are passed by the Legislative Assembly. I may also inform Honourable Members—and I know that many of them are anxious to go back to their homes—that on Saturday I propose to take up all the Bills and if necessary to sit till a late hour and finish them all.

The Council then adjourned till Seven of the Clock on Wednesday, the 12th April, 1933.

COUNCIL OF STATE.

Wednesday, 12th April, 1933.

The Council met in the Council Chamber of the Council House at Seven of the Clock, the Honourable the President in the Chair.

BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL : Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the following Bills which were passed by the Legislative Assembly at its meetings held on the 11th and 12th April, 1933, namely :

A Bill further to amend the Indian Income-tax Act, 1922, for a certain purpose.

A Bill to provide for the imposition of additional duties of customs on imported goods for the purpose of safeguarding industries in British India.

A Bill further to amend the Indian Tariff Act, 1894, for a certain purpose.

THE HONOURABLE THE PRESIDENT : As the Council is now in possession of these three Bills and of one other which was placed yesterday on the table, we shall be able to proceed with all these Bills on Saturday next. As some of the Members have expressed a desire to leave Delhi that very afternoon, I propose to summon the meeting of the Council at 10-30 A.M. on Saturday next and I trust we shall be able to finish our work before lunch. If we are not able to do so, of course, I propose to sit to a late hour and finish the work that day.

The Council then adjourned till Half Past Ten of the Clock on Saturday, the 15th April, 1933.

COUNCIL OF STATE.

Saturday, 15th April, 1933.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

INDIAN MERCHANT SHIPPING (AMENDMENT) BILL.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Education, Health and Lands Member) : Sir, I move :

"That the Bill further to amend the Indian Merchant Shipping Act, 1923, for certain purposes, as passed by the Legislative Assembly, be taken into consideration."

Honourable Members will no doubt remember that in response to a Muslim demand made in 1928, Government appointed a Haj Inquiry Committee in March, 1929, and on that Committee Members of this Council were also represented. That Committee made an exhaustive tour and presented its report in 1930. That report was examined by Government and was duly considered in consultation with local Governments and the Haj Standing Committee on which again this House is represented. It was as a result of these consultations that the present Bill was prepared. It is one of the three Bills prepared in pursuance of the recommendations made by the Haj Inquiry Committee. One of these three has already been passed by this House ; this is the second Bill and the third one is not being proceeded with for the present. Honourable Members will have noticed that the basic idea of the present Bill is to make for the comfort and convenience of the pilgrims without adding to their expense. The object is that as far as possible Haj be not made expensive, but at the same time all comforts that can be secured for them should be secured. It was found by the Haj Inquiry Committee that the practice of the Hajis cooking for themselves was such as was absolutely insanitary, even dangerous and did not permit those interested in them to do anything in the way of affording comforts and conveniences for them. This was the basic idea of the report, and it is this idea which is the pivot of the present Bill. When this provision is enforced, it is hoped larger space will be available for pilgrims for their accommodation.

The next provision in the Bill which is of some importance is to make pilgrims immune against cholera and small-pox by inoculation. This will do away with the need for quarantine at Kamaran, a matter of very great importance.

The third important provision is : When the pilgrims return, they have to wait for boats. The waiting period was 25 days previously during the period immediately following the Haj. That 25 days has now been reduced to 15.

The fourth important point was that no real attempt could be made to enable Hajis to leave the ports of embarkation in India as soon as they arrived there. They had to wait for days, sometimes weeks, which added to their expense and discomfort. We have introduced provisions which enable

[Khan Bahadur Mian Sir Fazl-i-Husain.]

provisional dates to be advertised so that Hajis can arrange their arrival accordingly, and at the same time we have provided that shipping companies should be able to comply with the statute later by giving exact dates.

There is one point on which Government has not been able to comply with the recommendations of the Haj Inquiry Committee and that is with reference to their wish that deposits be made compulsory and return tickets be abolished. After very careful consideration we came to the conclusion that for the present it was best to try both systems side by side on a voluntary basis. It is true the shipping companies would on their side try to push the return ticket system; but, on the other hand, if the deposit system is undoubtedly superior to the return ticket system, there is no reason why Hajis themselves should not see the advantage, and further there is no reason why the Port Haj Committee when it is operating should not be able to convince Hajis who are ignorant of the facts of the comparative merits of the two, so that they may decide in favour of deposit and against the return ticket. In the meantime all privileges that attach to return tickets have been extended to deposits as well. Lastly, Sir, unclaimed deposits and the value of unused return tickets, at present not provided for by law, have been arranged for, and when such amounts are received by Government they will be transferred to the Port Haj Committees which will give them funds to be utilised for the convenience and comfort of Hajis. That, Members will realize, is a very satisfactory provision.

We cannot, Sir, in this world have all we want, and even if we get all we want we are apt to feel that there is something else we did not get. That is human nature. Therefore I will not say anything myself which Members might criticise as self-laudation on the part of one who has produced the Bill, but I have ventured upon a few words of commendation realizing that the Bill really is not my handiwork at all. Credit for it I claim, not for myself, but for the Haj Inquiry Committee on which representatives of this House also sat. They have done a great work and great credit is due to them. I trust that Honourable Members will realize that this was a Committee brought into existence because the Muslim public wanted it, that the Committee worked in the interests of the public and that their recommendations were speedily brought under consideration by Government, resulting in legislation within a very short period of time. I am told by those who know these things, that there are not many instances where necessary legislation of this description has been introduced and passed after receipt of the recommendations of a Committee so quickly as in the present case.

THE HONOURABLE SAYYED MOHAMED PADSHAH SAHIB BAHADUR (Madras : Muhammadan) : Sir, it has been rightly observed by the Honourable Leader of the House that the Bill before us is the outcome of the investigations of the Haj Inquiry Committee. Sir, Honourable Members are aware that this Committee was appointed at the instance of non-official Muslim Members of the Assembly. The personnel of the Committee comprised Honourable Members of this House as well as of the Assembly and the great majority represented the most orthodox school of Muslim views. The Committee toured all over the country; it examined hundreds of witnesses and took every step to study the conditions of the Haj pilgrim traffic. After an exhaustive inquiry it submitted its report. Among the recommendations made were some which demanded modification of the Indian Merchant Shipping Act

in some respects. Government examined those suggestions, consulted provincial Governments, shipping companies, the Standing Haj Committee and all others concerned in the matter and then formulated proposals which are now before us for consideration. If we thus recall to our mind the history of the events which have led to the framing of this Bill, if we only bear in mind the fact that on this Committee there were persons like Maulana Sayid Murtaza Sahib, Maulana Shafi Daoodi Sahib and several others, than whom no better selection could have been made to represent the Muslim orthodox view—if we bear all this in mind, there can be little doubt left as to the purpose for which this Bill is really intended, inasmuch as all the provisions in the Bill are in the main based upon the recommendations of that Committee. With your permission, Sir, I would like to take this opportunity to tender our most grateful thanks to the Honourable Leader of this House for having so promptly striven to give effect to the recommendations of the Haj Inquiry Committee. Even if action is taken on the recommendations of such Committees, it is not often done at an early date. The Haj Inquiry Committee is lucky in this respect. Not even three years have elapsed since it submitted its report and its recommendations are now the text of the legislation before us. Sir, the readiness with which the Honourable Member in charge has hastened to carry into effect the Haj Committee's recommendations offer another and unmistakable proof of his solicitude for the well-being of Haj pilgrims.

Sir, as the Honourable Leader of the House has already dealt in detail with the provisions of this Bill, I would in my speech confine myself only to some of its salient features. Sir, one of the main provisions of the Bill is the supply of cooked food to pilgrims on board ship. Sir, under the present arrangement when cooked food is not being supplied to pilgrims, they are put to considerable difficulty. All the disadvantages, the evils that accrue from allowing pilgrims to cook their own food, have been referred to and explained at length in the report of the Haj Committee. Therefore, Sir, this provision to supply cooked food to pilgrims on board ship will not only save pilgrims from the trouble of cooking their own food but it will also tend to conduce to a very great extent to their comfort in several other ways. Sir, it is obvious that this arrangement will bring about better sanitary conditions and much healthier conditions on board ship. Sir, when pilgrims are required to prepare their own food, it is necessary that they have to keep with them all the foodstuffs and kitchen utensils necessary for cooking their food. The result is that out of the limited space allotted to each pilgrim a portion has to be set apart for storing these articles. Now that under the proposed arrangement pilgrims will not be required to prepare their food they will not be put to the necessity of keeping all those articles with them and even if any of them carry kitchen utensils and foodstuffs, those articles might very well be deposited in the hold of the ship. Therefore, Sir, this arrangement would go to make more room available for the comfort and convenience of pilgrims. Sir, it is proposed to fix the rate for the supply of this food and it is hoped that not more than one rupee will be fixed per diem for the same. In this connection I would submit to the Honourable Member in charge that the rate stated be fixed at less than Re. 1 per diem for adults and provision should be made that in the case of children under 12 years of age the rate should be half the rate fixed for adults. Sir, in this connection I have to draw the attention of the Honourable Member to one very important aspect of the question. Sir, when under section 213 of the Merchant Shipping Act rules come to be framed, care should be taken to see that pilgrims are supplied with food which is not only wholesome but is also absolutely unobjectionable from the point of view of the orthodox Muslim. The caterers, the contractors of the shipping companies, should be required to employ Muslim cooks and use only

[Saiyed Mohamed Padshah Sahib Bahadur.]

such meat as they can get from animals duly slaughtered. Unless these precautions are taken all the elaborate arrangements which are obviously for the comfort and the well-being of the pilgrim traffic would hardly be of any avail. Sir, it is a matter of common knowledge that Mussalmans, whether of the very orthodox type or otherwise, always refrain from partaking of meat of animals which have not been duly slaughtered. To ensure this, Sir, it may be necessary that the Port Haj Committees be afforded all necessary facilities to inspect and check arrangements in this respect in order that they may satisfy themselves. It may be necessary also that these Port Haj Committees may be required to submit reports periodically, say about a couple of months after the Haj as to the way in which these food arrangements have worked. These Committees may make enquiries of the pilgrims on their return from the Hejaz and find out for themselves how the food arrangements have worked and how far they have been appreciated by those pilgrims. Sir, now and then it may also be necessary that one representative at least of the Port Haj Committees and the Standing Haj Committee may have to travel on board the pilgrim ship to watch the food arrangements and for this purpose it would be advisable that on those occasions such a representative is provided with a free passage.

Sir, another important provision made in this Bill is the reduction of the waiting period from 25 days to 15. This is a very salutary change and one which is bound to result in much greater convenience to the pilgrim on return from the Hejaz and save them from a great deal of trouble at Jeddah.

Sir, the provision regarding the advertising of the approximate date of the sailing of the ship to be followed later by the exact date is also calculated to go a very long way in curtailing the period of waiting at the port of embarkation. Again, Sir, the fixing in the Bill of the minimum space for each pilgrim is decidedly to the advantage of the pilgrim. Sir, what happened, what is even now happening, is this. Even though the rules entitled the pilgrim to some fixed space on deck the pilgrim seldom or never enjoys the whole of that space allotted to him. But now that a statutory provision has been made in the Bill fixing this space it may be reasonably hoped that the pilgrim would be able to secure for himself the space allotted to him under the law. Now, Sir, while I am on this aspect of the question, I would like to stress the desirability of doing everything necessary to see that all the heavy luggage of the pilgrim passengers is deposited in the hold of the ship. If, Sir, the pilgrim is not inclined at present to keep his luggage in the hold, it is simply because arrangements in this respect are far from satisfactory. The shipping company never cares to number and register the packages properly. They do not take steps to inspire the pilgrim passenger with confidence and remove all room for any apprehensions that his luggage may be lost. Again, Sir, when the pilgrims deposited their luggage in the hold of the ship it should also be provided that they should be given access to their luggage in the hold for a certain period in the day. By making these arrangements, Sir, it will be possible to have all the heavy luggage of the pilgrims kept in the hold, so that more room may be available to the pilgrims on deck.

Sir, as regards the deposit system, it would have been better if the Government had seen their way to do away with the return ticket system. This deposit system is decidedly in the interest of the pilgrim. Even though to all outward appearance the return ticket system holds out the same convenience and facilities for the pilgrims.

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it very often happens that a pilgrim who takes a return ticket finds himself at a much greater disadvantage than the other who has travelled under the deposit system.

Sir, I may draw attention to the recommendation made by the Haj Inquiry Committee in regard to the fare. At a time when the original fare stood at Rs. 195 return fare, this Haj Committee was of opinion that it could be reduced to Rs. 158 including also the food expenses. Now the conditions are very different. The commodity prices are very much lower now than they were at the time that recommendation was made by the Haj Committee. There has been a reduction of expenses all round and every endeavour should therefore be made to see that the fare is brought down to the figure which the Haj Inquiry Committee recommended. (Hear, hear.)

Sir, besides the provisions to which I have made reference there are several other provisions in this Bill which are calculated to conduce to the comfort and well-being of the pilgrims but since all these details have been dwelt upon by the Honourable the Leader of the House I do not propose to go any further into these features of the Bill.

One word more and I have done, Sir. The Bill is manifestly in the interests of the pilgrims and if steps are taken to see that these provisions are duly carried into effect it will certainly go a long way to improve the hard lot of the pilgrims who really deserve every help that is proposed to be given to them by this Bill and also every possible help for which any further steps may also be devised in the light of the experience that may be gained in the working of the provisions of this Bill.

Sir, I support the motion.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, if I rise to speak on this measure it is neither to support it *in toto* nor to affirm that it does not confer any benefit on the Muslim pilgrims. There is no doubt about the fact that this measure was brought forward by the Government with the laudable intention of conferring some benefits and advancing to a certain extent the rights of the pilgrims. If there has been any opposition in the country about this Bill it is mostly due to the fact that the advance has not been sufficient, that the advantages which we hoped to have had from this measure, have not materialised. It is because, Sir, if we analyse the whole Bill, we find that the measures recommended by the Haj Committee have not been carried out in its entirety. There is no doubt about the fact that the Government has been quick in bringing forward the measure but that does not satisfy us because of its defects of omission. Sir, first of all I should like to lodge my protest against the formation of the Haj Inquiry Committee in which out of nine non-official Members seven Members from the Legislative Assembly were taken —

THE HONOURABLE THE PRESIDENT : Don't you think that that is an ancient story now ?

THE HONOURABLE MR. HOSSAIN IMAM : Well, Sir, that is why the Bill is so defective, because it is based on that. Now, Sir, I should like to say that even the recommendations of the Haj Inquiry Committee were not carried out *in toto*. Too much stress has been laid by the Government as well as by its opponents on the question of cooked food which in itself was not

[Mr. Hossain Imam.]

deserving of the importance which has been given to it. The Government in its reforming spirit went forward to make this innovation because they were fortified by the finding of the Haj Committee but even that Haj Committee itself accepted the fact that the weight of evidence adduced before it was against this innovation. A compromise was offered when the Select Committee sat in Simla in the summer of 1932, and that compromise, if it had been accepted, would have gone a long way to disarm the opposition to this Bill. But unfortunately that compromise could not be effected. My reason now, Sir, for not opposing the Bill is that I find that this Bill does to a certain extent advance our interest and we reserve to ourselves the right to demand further improvements when we find that this measure does not satisfy. I think this is not a thing to which even Government Members will take an objection, because they themselves admit that they have not done all that they could have done in the removal of the difficulties. In this connection I should like to remind the Honourable Member in charge of the recommendations of the Haj Inquiry Committee that the rate should be Rs. 158 including food. This Rs. 158 probably included Kamaran charges on page 79, paragraph 175. The Government should endeavour to bring down the fare including the cooked food to this rate. I quite admit that it cannot be done by statute but the Government has more strong and persuasive measures by which it can press its views and it does press them when it wants to. Sir, there are some improvements which it is possible for the Government to make without having recourse to legislative enactment for that purpose. At the moment, Sir, the accommodation which used to be 96 cubic feet and 16 superficial feet by means of rules has been incorporated in the Bill. I am very glad to find, Sir, that in the other place the Member in charge promised to mark out in the holds group seating, but I should also like and urge upon the Government the necessity of marking on the tickets the hold numbers for which they are available. If this is done, we will be able by that means to segregate to a great deal the pilgrims from the different provinces. I would also urge that on the upper decks, marking should be placed to mark out to which between deck hold this particular deck belongs. It will in reality be dividing up the upper deck into eight or ten parts. It will be no great difficulty to the Government but it will greatly facilitate the pilgrims in finding out to which particular hold in the between decks and to what particular spot in the upper deck they belong. In addition, I would like to commend the view of Sergeant Orford given in paragraph 148, page 87, in which he strongly advocates an arrangement by which the tickets will be marked with the spots allotted to the passengers. If it is not possible to allot particular places on the tickets, at least the holds should be mentioned on the tickets. This will greatly facilitate the passengers and ease their troubles which are now encountered by Bengalis being pushed in with Afghans —

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN :
Brotherhood.

THE HONOURABLE MR. HOSSAIN IMAM : There is another recommendation of the Haj Committee which does not find any place and which I hope Government will try to incorporate in the rules, and that is about the washing places. At the present moment, in the rules the numbers are not fixed. The Haj Committee recommended that the number should be fixed at the rate of one washing spot for each hundred pilgrims carried on the ship.

There is no doubt, Sir, that Government wanted to do us good, but the way in which they did it was unsatisfactory because it was not thorough enough and because they were too mindful of the interests of the shipping companies. I know that shipping companies have at the moment a sort of monopoly and they can dictate to them. If the Government were in earnest, they could induce even the shipping companies. When they can dictate to Mahatma Gandhi and Congress, I think they can dictate to Turner, Morrison and Company as well.

THE HONOURABLE NAWAB MALIK MOHAMMAD HAYAT KHAN
NOON (Punjab : Nominated Non-Official) : Induce them by soul force !

THE HONOURABLE KHAN BAHADUR CHAUDRI MUHAMMAD DIN (East Punjab : Muhammadan) : Sir, it was I believe in pursuance of a Resolution of the Legislative Assembly that the Government of India undertook to enquire into the conditions of Haj travel with a view to ameliorate them from the view-point of health and comfort of pilgrims to the Hejaz. Exhaustive enquiries were instituted at the ports and elsewhere, through Haj Committees and other representative agencies, and the result of those extended labours we see in the form of the Bill which is today before this House. The Bill was piloted through the Assembly by Mr. Bajpai, a worthy son of my valued friend and colleague on the Jaipur Council of State, Rai Bahadur Pandit Sitla Parshad Bajpai, and it has fallen to the lot of that high-minded patriot and statesman the Honourable Mian Sir Fazl-i-Husain to see it through to a successful issue. Sir Fazl-i-Husain's name shall remain associated with many constructive efforts of the Reforms era.

It has been said—very uncharitably I think—that Government desire to discourage Haj through this measure. Actually this Bill has the blessings of men like Maulana Shafi Daoodi, Sir Abdul Rahim Makhdum, Sayyed Rajan Bukhsh Shah, Seth Haji Haroon—men who yield to none in their spirit of independence or their love of solicitude for the pilgrimage to Hejaz, and the mere association of their names with the measure is a guarantee of the fact that it is covered with the best of intentions in the best interests of the Hajis.

There are one or two points, however, which I should like to emphasize in order to make this Bill more useful to the public. At present the pilgrims are huddled together like sheep on board the steamers with the result that very meagre space is permitted to them. The Bill makes it obligatory on the shipping company to provide at least 16 feet space to each passenger. In actual practice I think it may be possible to induce the companies to permit more than that, for with better conditions of ocean travel and perhaps the building of the projected railway in the Hejaz the increased traffic and consequently increased income will make it easier for the companies to provide ampler spaces.

Sir, I strongly endorse the view that cooked food should be supplied to the Hajis. But to meet their susceptibilities in this connection the cooking arrangements should be under the supervision of an orthodox Muslim food inspector. We have got a system of Hindu and Muslim refreshment rooms on the North Western Railway and these refreshment rooms are very popular, and on the same system the food arrangements should be made on the steamers with rates fixed for different kinds of dishes. The staple food of a Kashmiri is rice. Cooked rice will be supplied to him and he will pay for the same according to the tariff rate. Thus it will be possible for the passengers to take their meals according to their own taste and requirements. The system should be elastic and the payment should be based on daily consumption and

[Khan Bahadur Chaudri Muhammad Din.]

should not be in the form of a lump sum for the whole voyage. I mean it should be open to pilgrims not only to select their dishes and pay for them every day, but they should not be made to pay anything on account of food during periods when owing to illness or disinclination they do not eat anything.

These improvements will, I venture to think, go a long way to make the measure useful and will earn the gratitude of the numerous pilgrims.

THE HONOURABLE KHAN BAHADUR DR. SIR NASARVANJI CHOKSY (Bombay : Nominated Non-Official) : Sir, it is a matter of considerable satisfaction to one like me, who was connected for over 25 years with the Hajis, especially those who used to be removed to my hospital when suffering from small-pox, cholera and other infectious diseases. They used to come from very long distances, sometimes from Central Asia and Turkestan taking several months on their journey, as also from the Far East, from places like Java. But the most miserable and the poorest of the whole lot came from Eastern Bengal. They were drawn from Comilla, Mymensing, Barisal and Dacca, and their condition was indeed deplorable. Their ages varied between 50 to 70 years. Their clothes and bedding were mere rags. If one were to see their food—it was so poor, so unnutritious and so bad that even the hospital sweepers did not care to touch it. It used to be wrapped up in dirty packets, or in pieces of dirty cloth, and it was surprising how they managed to live upon such material on their journey from Bombay to Mecca. They used to complain bitterly that they were being looted at every step. When asked to deposit their money for safe custody, they were suspicious lest it might share the same fate. They would not repose confidence in any one. I once saw a man remove five sovereigns from a pouch in his throat where he had secreted them, because there was no other place where he could hide them ! On the return journey, they had practically very little food and suffered from diarrhoea and dysentery. The provision which has been made in this Bill for cooked food is indeed salutary. I am however afraid that the suggestion made by the Honourable Member that a number of different dishes should be prepared and sold to Hajis at a fixed tariff, according to their liking, is not at all practicable. To conform with the tastes and susceptibilities of all the different people numbering 1,000 to 1,500 would necessitate the employment of several cooks, if individual tastes were to be satisfied. That would indeed be a heroic task. As regards space, 16 square feet are certainly given per passenger, but what happens is that the more virile races push the weaker ones out and absorb their space ; the poor Bengalis, for instance, have thus to go down to the lower decks. I would therefore suggest that the spaces should be marked out and numbered and nobody should be allowed to entrench on the space allotted to his neighbour.

With regard to water, there have been very grave complaints that pumps are kept open only in the morning and evening for short periods and in the scramble for water, the weaker go to the wall and get an insufficient supply for their needs. The water is often scanty and unpotable on the return journey. As regards food, it is, as I have said, a salutary measure that they should be supplied with cooked food. In the case of the poorer pilgrims who cannot possibly afford to pay for their food I would suggest that the Muhammadan princes and rajas should organise a fund from which these might be helped with sufficient money to cover the cost. After all, these people are not going on a pleasure cruise but in pursuance of a religious duty in which they have implicit faith. Unless such a fund is established, I do not

think these poor people will be able to pay Rs. 20 or Rs. 30 which is to be demanded for their food in addition to the passage money and other incidental expenses.

As regards medical arrangements. There is one medical officer for 999 pilgrims, and a compounder, an ayah and a sort of a wardboy. That is hardly enough. The accommodation given to the medical officer is not enough, and the ignorant ayah and wardboy are no good. What is wanted is a well-trained nurse-midwife speaking Urdu. An Anglo-Indian or European person should be employed. One other complaint I have heard is that when the captain is not conciliatory, the doctor cannot get proper attention to be paid to the sanitary condition on the ship as he is not vested with any authority. It is to be hoped that proper attention will be paid in the rules to be framed under the Act for the sanitary condition on board. I believe that the rules laid down by the International Sanitary Convention of 1926 are being adhered to and those rules no doubt provide for all necessary measures.

The voyage takes 13 to 14 days to Jeddah. If, unfortunately, however, an infectious case occurs the pilgrims are detained at Kamaran. It is necessary for this reason that ships should carry enough food not only for the voyage but also for the probable period of such detention. The diseases commonly prevalent are diarrhoea and dysentery; a good proportion die on the return voyage because they have practically no food and no money. It is to be hoped that the provision for the supply of cooked food will very greatly reduce this mortality. People coming from a cold climate suffer from heatstroke; and some deaths are due to this cause also. A properly qualified medical officer, however, would be quite capable of dealing with such occurrences.

I should like to place before this Honourable House a few suggestions which may be embodied in the rules. These are—firstly, that the space for each pilgrim should be marked out and numbered; secondly, there should be fans in the lower hatches where the stench when all these pilgrims are huddled together is intolerable and unbearable; thirdly, more water should be supplied; fourthly, officers should know one of the colloquial languages, especially Urdu; fifthly, there should be a daily cleansing of the ship; sixthly, a Muhammadan medical officer should be preferred as he is more familiar with the customs and habits of the Hajjis.

I would further suggest that the Haj Committee should appoint a responsible Muhammadan representative to travel with each ship to supervise the arrangements. That would ensure the comfort of those on board and help to remedy defects, if any, on proper representation to the captain.

One word more. Care should be taken that there is no officious interference with the administration of this Act from members of the Haj Committee or their representative at any point. There have been such instances; much unnecessary trouble has resulted that could have been easily avoided.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN: Sir, I am very grateful to Honourable Members for their valuable suggestions which will be borne in mind in the preparation of the rules. I am sure Government will benefit a great deal by these suggestions, which struck me as being very largely constructive.

One word, Sir, as to reduction of fares. Perhaps Honourable Members are not aware that the fares when the report was made were at Rs. 195. In the following year they were reduced to Rs. 165—a reduction of Rs. 30. I may assure the House that every effort will be made to bring about a further reduction.

THE HONOURABLE THE PRESIDENT : The question is :

"That the Bill further to amend the Indian Merchant Shipping Act, 1923, for certain purposes, as passed by the Legislative Assembly, be taken into consideration."

The motion was adopted.

Clauses 2 to 15 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : Sir, I move :

"That the Bill, as passed by the Legislative Assembly, be passed."

The motion was adopted.

INDIAN INCOME-TAX (AMENDMENT) BILL.

THE HONOURABLE MR. J. B. TAYLOR (Finance Secretary) : Sir, I rise to move :

"That the Bill further to amend the Indian Income-tax Act, 1922, for a certain purpose (amendment of section 4), as passed by the Legislative Assembly, be taken into consideration."

Sir, this is a simple Bill confined to the object of stopping up a loophole in our present income-tax legislation. As things stand at present, under section 4 income derived from a business outside British India is subject to income-tax on the part of residents in British India if brought into the country within three years. There seems to be no reason why income from investments should be exempted or why the period should be limited to three years and this Bill is designed to remove these two restrictions. When the Bill went to Select Committee in another place a certain amount of doubt was expressed by non-official Members regarding the retrospective effect that might be given to the operation of the Bill. They felt that people who in the past had invested their money abroad realising that it would be free of income-tax might be unfairly penalised if they were taxed when they brought it back. They also pointed out—and I notice that there is an amendment to that effect on the paper—that if they were encouraged to bring the money back as soon as the Bill was passed the amount of their previous investments might bring them into some higher category and make them subject to super-tax. The majority of the Select Committee therefore recommended a provision more or less on the lines of the amendment proposed by the Honourable Rai Bahadur Lala Mathura Prasad Mehrotra. It was felt, however, that there were obvious objections to such a proposal ; it would be administratively difficult to work and it would be even more unsatisfactory in the future. It would be quite impossible for income-tax officials to say that so much income was earned in one year, so much in another year and so on. Besides, in the future anybody who invests his money abroad will do so with his eyes open,

knowing that the law is as it stands. Government therefore decided to meet this objection—though they did not think it altogether well founded—by eliminating the retrospective effect from the Bill and a clause has now been added to the effect that :

“ Provided that nothing contained in this sub-section shall apply to any income, profits or gains so accruing or arising prior to the first day of April, 1933, unless they are income, profits or gains of a business and are received in or brought into British India within three years of the end of the year in which they accrued or arose.”

That amendment met with the acceptance of another place and as a result the administratively difficult and unsatisfactory proposal that the past interest might be split up when it was brought into the country was thrown out.

There is only one other point, Sir. A certain amount of apprehension was also felt that this Bill might alter the practice in respect of agricultural income accruing in Indian States. It is not the intention of Government to alter the present law in that respect. We realise that it is a very complicated subject and our object was merely to stop up this clear and obvious loophole in the present law and to be careful in embarking on wide alterations in our income-tax legislation. For that purpose Government in another place accepted an amendment which now forms part of the Bill, namely,

“ Provided further that nothing in this sub-section shall apply to income from agriculture arising or accruing in a State in India from land for which any annual payment in money or in kind is made to the State ”.

These, Sir, are the two alterations in the Bill in its passage through the other House and as it stands I would commend it confidently to the acceptance of this House. It is obviously unreasonable that those who are unpatriotic enough not to invest their money in their own country should gain a benefit at the expense of those who do, and for this reason I hope that the House will pass this Bill.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA (United Provinces Central: Non-Muhammadian): Sir, I rise to extend my support in general to the Bill.

THE HONOURABLE THE PRESIDENT: Does the Honourable Member propose to move his amendment?

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA: I shall move the amendment when we take up the Bill clause by clause. I wish to speak on the general aspect now.

I rise to extend my support to the Bill that has been just presented to the House. Sir, the big magnates invest a very large capital outside India because they do not have to pay income-tax and the burden of income-tax falls mostly on those who invest in this country. I hope, Sir, that the income that will be derived from this taxation will be utilised in giving relief to the over-taxed people of the country belonging to the lower and the middle classes. On account of dire necessity Government has lowered the taxable minimum from Rs. 2,000 to Rs. 1,000 and by this process tax has levied mostly on poor people, for instance, petty shopkeepers and even *tongawallas*.

THE HONOURABLE THE PRESIDENT: We have nothing to do with that question. We are dealing now with foreign investments.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : I am developing the point and coming to it. If income from income-tax is increased, this class of people will get some relief. The Bill that has emerged from the Legislative Assembly, as has been pointed out by my Honourable friend, Mr. Taylor, has undergone one or two changes. One of them being the deletion of a proviso by which income of persons who are investing their capital in foreign countries will be taxed on accumulated incomes and not on yearly basis ; and the second being the addition of a proviso by which agricultural income will not be taxed. I do not agree with the former, but welcome the latter, because persons who are carrying on agriculture are already taxed and have to pay land revenue whether they carry on their business in British India or Indian States and if the balance, even after paying land revenue, is also taxed, it will be a double tax and will cause great hardship.

Then, Sir, I am glad that the Bill will not have retrospective effect. Of course, as Mr. Taylor has pointed out, it would be very difficult to find out what investments were made in previous years and then how many years' income should be taken into consideration for taxation and so on. There are some other defects in this Bill which I want to point out. Firstly, no provision has been made to tax incomes of those who get pensions and are living outside India. People who are living in British India and who get their pension are already taxed. But those who are living outside British India are not taxed.

THE HONOURABLE KHAN BAHADUR DR. SIR NASARVANJI CHOKSY : Do they not pay income-tax in the country in which they live ?

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : We do not mind what the income is, but the money is taken away from India. In reply to the question of my Honourable friend, I shall quote an instance. For example, on the loans that are floated by the Government here in India, the investors get their interest minus income-tax. But the sterling loans which are floated in England they get the total interest without the deduction of income-tax though India has to pay the interest. So no provision had been made to effect such kinds of income. Not only would it have increased the income but it would have removed a great hardship felt by our countrymen and it was also expressed at the time of the budget discussion and I am repeating it again. That is a great defect in this Act.

Then, Sir, the Finance Member in the Assembly has held out a hope that a Committee will be appointed which will see the working of this Act and if any hardship is being felt further amendments will be made. I would suggest so far as this matter is concerned, that the Committee should be a Committee of both Houses and not of the Assembly alone. The Leader of the House this morning made repeated references in connection with the Haj Bill to the fact that the Haj Committee consisted of Members of both Houses. I hope that example will be followed by the Government when they are going to appoint a Committee to look after the working of this Act.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : Sir, I have much pleasure in supporting the Bill, the aims and objects of which are to assess tax on all foreign income of a resident of British India from whatever source derived and whenever it is

received in or brought into British India. It cannot be gainsaid that the Bill when passed into an Act, will be able to realise a large amount for the exchequer of Government from the incomes of persons or residents of British India who have investments abroad and specially in gilt-edged securities. Instances are not a few when it has been found that attempts have been made by persons or residents of British India who have had various sources of income abroad, at avoiding payment of income-tax to the Government of India. Not only that, the income of a resident in British India accruing out of his foreign investments has remained untaxed. It is to levy tax on such incomes that this Bill has been placed before us for our consideration. Equity and justice demand, nay, it is most reasonable that this Bill which has been passed by the other House should be endorsed by us too and passed without any demur or objection. The proposed measure, Sir, so far as I am able to understand, will make for a financial gain to our Government and as such there can be no two opinions about its easy passage by this Honourable House. From the point of view of India's economic position, Sir, it may be said that although the provisions of the Bill when made operative will not be able to put a stop altogether to the flight of capital from India at the first instance, they will, at least, put a check upon it and, in the long run, it is hoped, investments in foreign countries by residents in India will terminate.

With these few words, Sir, I support the Bill.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Indian Christians): Sir, while giving my whole-hearted support to the Bill I cannot help making a few observations. The wise man has said :

" There are three things which are too wonderful for me, yea, four, which I know not. The way of the eagle in the air, the way of the serpent upon a rock, the way of the ship in the midst of the sea, the way of a man with a maid ".

But he failed to add the way of the Finance Department of the Government with the Indian tax-payer. A very culpable omission indeed.

When some of us suggested an easy method of adding at least Rs. 40 lakhs to the revenue without causing any hardship to anybody, the Government would not even look at it. Now by this Bill the Government is trying to glean a few rupees here and a few rupees there. By taxing under the Income-tax Act pensions and allowances paid outside India, no one will suffer or lose a single penny except a few persons who are resident on the Continent or in the Free State of Ireland. We are now taxing incomes earned outside India and we refuse to tax incomes earned in India and payable by India. Is it a logical position ? The Government may answer we cannot tax people not resident in India. It is not a question of residence : it is a question of the source of income. It cannot be denied that the allowances and pensions are earned in India. It is not suggested that the Indian Legislature cannot tax pensions and allowances paid out of Indian revenues. The difficulty, if any, can be easily got over. There are so many things in the melting pot now. What is Australia doing in this matter ? Where there is a will there is a way.

It may be urged now that the White Paper has put it beyond the power of the Indian Legislature to tax the pensions of persons residing permanently outside India. This is only a safeguard—the result of fear on the part of some people that the future Indian Legislature might impose a very heavy income-tax on pensions. Like several other safeguards it is not only unnecessary but mischievous. The Government ought to fight against any such provision being enacted in any Act of Parliament. A reasonable safeguard would be that the Indian income-tax should not exceed the British income-tax.

[Sir David Devadoss.]

By not taxing the pensions and allowances paid outside India we are only benefiting the British exchequer. I do not say it is the deliberate policy of the Government to help the British exchequer at the cost of the Indian. But the result is we are perhaps adding a quarter of a million to the £800 odd millions of the English revenue whereas we are losing about Rs. 40 lakhs which is a big sum compared to our income.

Sir, in this connection I am reminded of a parable told on a memorable occasion. There were two men in one city—the one rich and the other poor. The rich man had exceeding many flocks and herds but the poor man had nothing save one ewe lamb which he had brought up and nourished and it grew up together with him and his children. It did eat of his own meat and drank of his own cup and lay in his bosom and was unto him as a daughter. And there came a traveller unto the rich man and he spared to take of his own herd to dress for the wayfaring man that was come unto him but took the poor man's lamb and dressed it for the man that was come to him.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muham-madan) : Sir, this measure has been received by the other House as well as by this House with acclamation. If I wish to say a few words now it is just to remark on the one difficulty in the drafting of this Act. This Act imposes the Indian income-tax on the foreign incomes only if it is brought into India and if it is not brought into India, though it accrues to the resident in India, he escapes Indian income-tax. That point, Sir, is an invidious distinction between Europeans and Indians, because an Indian has got to bring back his money now or some time afterwards.

THE HONOURABLE THE PRESIDENT : Is the Honourable Member aware that that had formed the subject of a previous Bill in the other House and this House last year which was not accepted by the non-official Members ?

THE HONOURABLE MR. HOSSAIN IMAM : I may remind the House, Sir, that part of this point was raised in the other House and Sir George Schuster said in his reply that the people who have sent their money away have done so after paying income-tax in India. That was the defence that Sir George Schuster made. If the Finance Department were to make it a rule that once a sum of money has paid income-tax all incomes accruing from it will not be liable to income-tax I think it will be hailed by most Indians as a great and benevolent resolution. The difference between income and capital is nothing but that income saved becomes capital. Capital does not come out of anywhere else. It is only the income that we manage to save and pile up year after year that becomes capital and becomes a source of income. Here, on account of this provision that the money must be brought into India, we are placing the investment of Europeans in England free of income-tax. Further, we do not know whether incomes accruing to residents in India are subject to foreign income-tax or not. If they are subject to foreign income-tax, will they get any rebate from the income-tax to be assessed by the Government ? These are the two points on which I hope the Honourable Member will enlighten us.

THE HONOURABLE MR. J. B. TAYLOR : Sir, I would like to answer straightaway the last question of the Honourable Mr. Hossain Imam. He asked whether investments abroad were subject to foreign income-tax. That of course is rather a complicated question, but I think that I can put the main issue as regards investments in Great Britain at any rate very shortly. If an investor invests in British companies he will be subject to British income-tax. Of course he can obtain double income-tax relief. But there is a list of securities which include most Colonial securities, our Indian Sterling loans and certain British Government securities, such as the Funding Loan, which are paid free of British income-tax, so that the Indian investor who puts his money escapes income-tax on them. I think that was the question that he wished to ask.

Another of his contentions, which was of some substance, was that we were somewhat illogical in not taxing accrual wherever it may accrue. A Bill to that effect—a more comprehensive Bill—was brought forward in the Legislature two or three years ago, but was thrown out. There are very obvious difficulties in the way of such a comprehensive measure. The Honourable Mr. Hossain Imam himself showed some of them by implication. It would no doubt be a very simple solution if we were to accept the contention that once a certain sum has paid income-tax, all the future profits that that sum earns should be freed from income-tax. That would mean that once it had paid income-tax, it would not be available at all for the future revenues of the country and in future would escape income-tax entirely. That is one of the difficulties. It is a very minor one, because obviously such a solution would be impossible, but it shows the difficulties which might result from the acceptance of the wide principle which he has indicated.

THE HONOURABLE MR. HOSSAIN IMAM : It is not my principle ; it is Sir George Schuster's principle which I recounted.

THE HONOURABLE MR. J. B. TAYLOR : Another difficulty about accrual is about people who are only temporary residents in this country. That is a very complicated problem which cannot be dismissed so summarily as he did, because there are all types of temporary residents from the man who stays here only for a few months to the man who spends his working life in this country. For that reason, Sir, we decided to accept the majority opinion of the other House as regards the more complicated measure and we have concentrated on this simpler one. For that reason I do not wish to discuss at any length the wider questions of income-tax on pensions, on leave salaries and so on, which were discussed on another occasion and which are clearly outside the scope of the present Bill.

There is only one other point, Sir. The Honourable Mr. Mehrotra referred to a Committee and voiced the natural desire of this House that if there was a Committee, there should be Members from this House on it. The suggestion—it was no more than a suggestion—was thrown out very early in the debate in another place when there was considerable apprehension felt as to the workability of the retrospective provisions of the Bill. These being satisfactorily met during the debate, no more was heard about the proposal. The Honourable the Finance Member threw out the suggestion, but as we met all these difficulties by the amendment which Government accepted, the question of a Committee receded into the background. I do not think, Sir, there is anything more for me to say. I am very glad that the principle of the Bill has met with the commendation of this House.

THE HONOURABLE MR. G. A. NATESAN (Madras: Nominated Non-Official): Will the Honourable Member tell us what will be the probable amount we will get, if this measure becomes law, at any rate for the first year?

THE HONOURABLE MR. J. B. TAYLOR: That, Sir, is a question which I am afraid it is impossible to answer, because, under our present income-tax scheme these sums are not shown in the returns at all. It is pure guesswork how much we should get and I am afraid that I would not like to hazard a guess.

THE HONOURABLE THE PRESIDENT: The question is:

"That the Bill further to amend the Indian Income-tax Act, 1922, for a certain purpose (amendment of section 4), as passed by the Legislative Assembly, be taken into consideration."

The motion was adopted.

THE HONOURABLE THE PRESIDENT: The question is:

"That clause 2 stand part of the Bill."

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA: Sir, I beg to move:

"That after the first proviso to sub-clause (c) of clause 2 of the Bill, the following proviso be inserted, namely:

'Provided further that where an accumulation of such income, profits or gains accruing or arising over a period of more than one year is received in or brought into British India in one year super-tax if chargeable shall be charged on each separate portion of such accumulation representing the total accumulation divided by the number of years comprised in whole or in part in the period at the rate or rates which would have been applicable if such portion only had been received in or brought into British India in that year, and represented the portion of the assessee's income chargeable with the highest rates applicable; and'

Sir, the object of this amendment is that income accumulated in foreign countries, when brought to India, and if it is liable to super-tax, it should be charged according to the basis of yearly income. This proviso has got a history behind it. In the Select Committee the non-official Members fought on this point and by a majority inserted this clause. Perhaps they thought that this tax is being introduced for the first time, and therefore it would be a great hardship if all the rigidity of the law were exercised, all at once, and so they came to a formula that if super-tax is chargeable—there is no question of income-tax—it may be charged on the basis of yearly income. For this purpose they inserted this clause in their report. The Government did not agree there and wrote a note of dissent; but when the Bill was moved in the Legislative Assembly, the Honourable the Finance Member waived his objection and said that as this proviso had been accepted and brought forward by the majority of the members of the Select Committee, Government will neither move any amendment on the point nor object to the inclusion of the proviso. The Finance Member said:

"However, the Government, in view of the wish of the majority of the Select Committee, would not move any amendment but would accept the proposal of the Select Committee by which profits though brought in India in a lump sum might be taxed according to the number of years during which they were earned."

He further said that the Government objective was to remove the privilege and unnatural inducement to people to take out capital from India for investment. So, Sir, this was the position of the Government. But after making this speech, when an Honourable Member moved for the deletion of this proviso they said they would be quite agreeable to its deletion. I fail to understand the position taken up by the Government. I may submit that I am not advocating that the income of rich magnates should not be taxed, but it is not reasonable to jump to this stage all at once. With this proviso the rate of super-tax would be about 9 to 15 pies in the rupee, whereas it might be as much as 21 pies per rupee without this proviso. That is the position and I hope the House will agree to this amendment being included in the Bill.

THE HONOURABLE THE PRESIDENT : Discussion will now proceed on this amendment.

THE HONOURABLE MR. J. B. TAYLOR : Sir, I was waiting with some curiosity to see what arguments the Honourable Rai Bahadur would develop in defence of a proposition which found one solitary defender in another place, and I hope that by the time I have finished there will not even be that in this House. Sir, he made great play with a speech made by the Honourable the Finance Member at an early stage of this Bill. As I have pointed out in my introductory speech, the Bill was altered in its passage both through the Select Committee and through the Lower House, and the point made by the Select Committee was as regards retrospective effect, and when this was met in a more satisfactory way by the inclusion of this particular amendment the original one naturally failed to find support. I alluded in my opening speech to some of the administrative difficulties inherent in this proposal. I will merely refer to one. Incidentally, I am rather astonished at the consideration of the Honourable mover of the amendment for the payer of super-tax. It is to be noted that the difficulty, if it is a difficulty, will apply equally to the poorer man who does not come up to the super-tax level. There seems to be no reason why, if this is a boon which can be granted, it should be confined merely to the rich man who pays super-tax and should not be given to everybody. There is one obvious way in which this provision could be evaded. There are such things as one or two-man companies which are started abroad for the purpose of investment. It would be a simple matter for anybody who wished to drive a coach and four through the Act by the use of this amendment to invest his money abroad, allow it to pile up for ten years, carrying the profits each year to reserve. Let us say that his profits for ten years amounted to a crore. For each of nine years he might show a profit of say Rs. 1,000 or so and in the last year a profit of Rs. 99 lakhs odd, yet he would pay here as if this had been steadily accruing over the whole ten years. It would be very difficult for the income-tax authorities here to assess what was his real profit each year. There are other difficulties. In view of the fact that this amendment has been put forward in order to meet a difficulty which has otherwise been more satisfactorily met I hope that the House will reject it.

THE HONOURABLE THE PRESIDENT : The question is :

"That that amendment be made."

The motion was negatived.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill

THE HONOURABLE MR. J. B. TAYLOR : Sir, I move :

"That the Bill further to amend the Indian Income-tax Act, 1922, for a certain purpose (amendment of section 4), as passed by the Legislative Assembly, be passed."

The motion was adopted.

SAFEGUARDING OF INDUSTRIES BILL.

THE HONOURABLE MR. T. A. STEWART (Commerce Secretary) : Sir, I move :

"That the Bill to provide for the imposition of additional duties of customs on imported goods for the purpose of safeguarding industries in British India, as passed by the Legislative Assembly, be taken into consideration."

The accepted policy of Government in regard to protection of industries is a policy of discriminating protection, and Government maintain that in ordinary circumstances it is the best policy for India. But, Sir, the times through which we are passing are far from normal. In the past few years the financial and economic structures of many countries have been shaken to their foundations and the resulting instability has given rise, and may give rise in the future, to special conditions which constitute a serious menace to India's growing industries. Many of these industries, in ordinary circumstances of economic competition, would not ask for protection, and indeed they could not qualify for protection under our existing policy. That is no reason, however, why in an emergency they should be allowed to go to the wall. It has therefore become necessary to supplement the policy of discriminating protection by special legislation. The present Bill has been framed for that purpose and I am confident, Sir, that the object of this Bill, namely, the protection of Indian industries against uneconomic competition from abroad, will receive the support of all Honourable Members of this House and of a very general body of opinion outside.

If I may refer to particular provisions of the Bill, section 2 of the Bill apparently confers on the executive very wide powers indeed. It may be asked why it was not possible to circumscribe these powers by defining somewhat more precisely the circumstances in which they might be exercised. In particular it may be asked why we have gone beyond India's immediate problem, namely, the competition from a country with a depreciated currency. To these questions I would give this reply. It would be very rash indeed to assume that in the present unsettled state of world economic conditions that a depreciated currency is the only special condition which would constitute a menace to India's industries. It is for this reason that the Bill has been framed in general terms which permit of prompt action being taken in any emergency. If, however, Honourable Members will refer to section 3 of the Bill they will see that the apparently wide powers are subject to check by the Legislature. Section 3 prescribes that any Notification issued in pursuance of the powers conferred by section 2 shall be laid before both Houses of the Legislature for their consideration and, failing their approval, it will automatically lapse. It was recently emphasised in the course of a debate, in another place that if any such legislation as the present were introduced it was essential that the interests of the consumer should not be sacrificed to those of the industrialist. I submit that section 3 providing as it does for the

scrutiny of executive acts by the Legislature provides a sufficient safeguard for those very important interests. This measure is not put forward, Sir, as the last word in safeguarding legislation. It is admittedly an emergency measure and for this reason a term has been put to its operation and it will cease to be effective after the 31st day of March, 1935. It may be that before that date the need for emergency legislation will have passed away. We hope that that will be so, but if not, the experience that we shall have gained from the working of the present measure will be the foundation on which we can build a more elaborate and more scientific structure to take its place.

Finally, I would refer to the relation of safeguarding legislation to India's Treaty obligations. The existence of a most favoured nation clause in any commercial treaty between two countries is a bar to the exercise by one of them of discriminating tariff treatment against the other. We have with Japan a Convention that was concluded in 1905 and a clause of the most favoured nation type finds a place in that Convention. Steps have, however, been taken to denounce the Convention and the bar which formerly existed against action in this way will disappear on the expiry of the period of denunciation.

Sir, I move.

THE HONOURABLE MR. BIJAY KUMAR BASU (Bengal : Nominated Non-Official) : Sir, let me premise by saying that I am not opposed to the prevention of dumping by legislation, but I am afraid that there are some misapprehensions regarding the exact scope of the Bill. The working of the idea behind the Bill also bristles with extraordinary difficulties. There has been so much loose talk about dumping for the last few weeks that it is necessary to clear the atmosphere before we examine the provisions of the Bill. To clear the atmosphere, let us take the general economic considerations and find out what "dumping" really and exactly connotes. As used by economists it implies according to Professor Taussig :

"The disposal of commodities in a foreign country at one price and to domestic purchasers at another and higher price".

We should not fail to note that there are circumstances in which systematic dumping, that is to say, selling more cheaply abroad than at home, may be a prudent business practice to which no objection can reasonably be taken. For instance, a manufacturer might find that the demand for his product is inelastic at home and elastic abroad ; that is to say, that lowering his home price would not greatly increase his sales and that raising his foreign price would greatly decrease them. Such a difference between market conditions is perfectly possible. Acting on this difference means that the manufacturer throws his overhead costs disproportionately more upon the home market than upon the foreign market, because if he tried to spread them over evenly he would lose the foreign market. This sort of adjusting prices of the same commodities to the conditions of different markets so as to make the maximum net profit over all, disposing of surplus stocks at a sacrifice, selling for a time at a loss to make goods known to new customers, selling for a time, at a loss, in order to drive a rival out of business or bring him into an agreement, are all part of the normal technique of marketing, whether in domestic trade or in foreign trade.

Although price discrimination as such may not be objectionable on principle yet there are certain types of dumping which are harmful to the industry and trade of a country and are undesirable in the best interests of the country. In the *first place*, sporadic dumping in the shape of disposal of

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casual overstocks of goods at a sacrifice is harmful in its effects because markets and production in the country receiving dumped goods are upset, and since the continuance of dumping cannot be counted upon, even the consumers who benefited originally by the cheap goods may lose in the end. In the casual character of this dumping, however, lies also the difficulty of dealing with it. The existence of a high tariff is not a sufficient obstacle to this kind of dumping. The importation of Japanese piecegoods in spite of a high tariff wall is sometimes cited as an example of this kind of sporadic dumping. *Secondly*, there is another kind of dumping which is known as predatory dumping, the object of which is to eliminate competitors in a certain market with the object of charging higher prices later on. But such dumping will only be worth while for manufacturers who already have in hand or in prospect a monopoly not in their own market alone but in all the world outside the country where they dump. Hence this kind of dumping is rather a rare phenomenon. But there is a *third* variety which is not uncommon. Sometimes there is dumping by monopolists from behind the tariff wall. Being assured of a secure market at home they might charge higher prices there while selling at low prices abroad. In this case the rival producers in the country receiving the cheap goods are undersold with the help of subsidies extorted by a foreign monopoly from its domestic consumers under protection of a tariff; they have not the possibility of reprisals by invading the home market of their opponents. Therefore this kind of dumping business becomes an irritant all round, to the domestic consumers who are exploited and to the rival producers abroad who are put out of business. Hence this kind of dumping in my opinion should be discouraged by suitable legislation.

Let us now examine the conditions for applying anti-dumping legislation. The term "dumping" which has been defined by Professor Jacob Viner of Chicago to imply price discrimination between national markets means something else when politicians, businessmen, legislators and the public generally use this term. It has a variety of meanings with little in common between them, except denoting of a price which the speaker objects to as too low.

Thus under the British Safeguarding of Industries Act for the prevention of dumping, the term covers selling not only below cost of production but also selling abroad cheaply as the result of depreciated currency and as the result of having lower wages or standards of living. Neither of these last need involve any price discrimination between home and foreign markets. In fact when the Indian cotton mill industry complains of Japanese dumping it is presumed that abnormally low prices of Japanese goods are due to abnormally low external purchasing power of Japanese currency. On the other hand, when Lancashire complains of Japanese dumping in the Indian market reference is made to low wages and long hours of work in the Japanese cotton industries.

The result of looking at the question of dumping from such a curious point of view has been that whenever the foreigner sells his goods in a certain market at a price which is considered too low by a particular industry there is clamour about dumping. But it is possible that such dumping represents merely systematic undercutting which is nearly indistinguishable from competition based on better resources, or more efficient management or cheaper labour or any other natural or technical advantage. From the point of view of sectional interests it might be desirable to stop such dumping by legislation. But from the wider point of view of the best interests of the community such legislation may have little or no justification. In fact, Mr. W. A. Martin forcibly argued,

in a minute of dissent appended to the Report of the Commission appointed in South Africa to consider the working of anti-dumping legislation, that

"the system is liable to great abuse and lends itself to the grant of additional protection to the local industry often on grounds that are not justified"

and that the consumers would lose the benefit of lower prices.

This danger involved in anti-dumping legislation becomes obvious when we consider the professed object of such legislation as given in the existing anti-dumping Acts.

The South African Anti-dumping Act of 1923 provides that the Act will come into operation where

"detriment, may, in the opinion of the Minister of Finance, result to a Union industry".

A change was made in 1925 which was welcomed by the country : under section 15 of the 1925 Act a prior investigation and report is to be made by the Board of Trade before a duty can be applied and the Minister must be satisfied not only that detriment may result to a minor industry but also

"that it would be in the public interest"

to impose a duty.

Such a specific clause should have been incorporated in this piece of legislation that we are considering. In the present Bill the language is so vague that when this Bill becomes law protection can be given to any and every industry by administrative action, to be confirmed later by the Legislature.

It is stated that action will be taken under this law when the Government are satisfied that foreign goods are selling at

"such abnormally low prices that the existence of an industry established in British India is thereby endangered".

The only interpretation of this clause is that dumping will be presumed whenever the domestic industry is undersold by its foreign rivals. But it is obvious that underselling does not necessarily mean sporadic or predatory dumping of an objectionable kind. In fact if this clause remains as it is and is not circumscribed by rules under the rule-making powers under clause 4 there can be no limit to the extent of protection which Indian industries, sheltered by a protective tariff or a high revenue tariff (which has a protective effect), can legitimately claim.

As a matter of fact the interpretation of what are "abnormally low prices" will be left to the discretion of Government and it is likely that they will fail to distinguish between the effects of unfair foreign competition and the effects of fair and healthy foreign competition upon domestic prices. Thus anti-dumping duties will lend themselves to the grant of additional protection to the local industry often on grounds that are not justified.

Let us now see how anti-dumping duties work in practice. It is obvious that there are great difficulties as regards the working of anti-dumping duties. *First and foremost* there is the difficulty of time. If, as in the original South African Act of 1914, previous notice has to be given of the duties, goods will be rushed in during the period of notice ; against sporadic dumping this amounts always to closing of the stable door after the horse has been stolen. In fact the effect of anti-dumping duties likely to be imposed on Japanese piecegoods and hosiery will be somewhat similar. If the additional duties

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are imposed without notice, crippling uncertainty is introduced into the importing business ; for it is by no means easy for an importer to know beforehand whether any particular transaction will be treated as dumping. In these circumstances it is difficult to see how anti-dumping duties can be levied with perfect fairness. The object of this Bill as the Government say is

“to enable prompt action to be taken to meet any serious menace to Indian industries”.

But the difficulty of taking prompt action ought to be clear to those who will be responsible for the administration of the Act. *Secondly*, there is the difficulty of determining the domestic price of the imported article in the country of its origin, in order to see whether price discrimination has in fact occurred. Determination of what are strictly comparable prices in two widely different countries is always a difficulty and sometimes an insoluble problem. It has often been solved in practice by giving a large amount of arbitrary powers to customs officials. *Thirdly*, as I have already said, the experience in other countries has been that there is a tendency to sacrifice general to sectional interests. *Fourthly*, there is the tendency of temporary anti-dumping duties to grow into additional general and permanent protection as illustrated in the case of the South African wheat industry or wrapping paper industry.

Sir, as I said I am not opposed to a legislation of the kind proposed, but I do feel that the Government should be very very cautious to apply the anti-dumping duties. They should be very careful to see that they are not subordinating the general interest to sectional ones. There is a suspicion in the public mind that the Government may be stampeded by some of the local industries into taking action under this legislation without fully and minutely examining the case—I would therefore ask the Government when they may have occasion to take action under the provisions of this Bill they should immediately thereafter put the whole case before the Indian Tariff Board, who should, after examining the case, submit a report which, along with the Government proposal, should be placed before the Legislature for confirmation or refusal. After all, legislators are lay people and the report of the Tariff Board consisting presumably of experts will be of immense value to them to enable them to come to a conclusion which will be just and fair.

Save the industries by all means, I say, but try to save the tax-payer also.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal : Muhammadan): Sir, the Safeguarding of Industries Bill marks a new departure in our industrial history. It is in a way a charter for our industries. From that point of view, it is needless to say that it deserves our support regardless of the fact from which part of India we come. If, for instance, we in Bengal are not cotton manufacturers, we have other industries which will now have protection. Sir, there is another aspect however to which I beg to draw the attention of the Government, and that is the point of view of the consumers. One hopes, Sir, that in giving protection to industries, the interests of the consumers will not be considered any the less important than the interests of the industrialists. Sir, we are promised a special department of Statistical Research and this Department should protect the interests of the consumers in determining the amount of protection necessary in the case of an industry and to see that the protection of tariffs is not used to exploit the consumer. Sir,

so long as the Government sees that the operations of the Bill do not harm the consumers, we may expect great benefit from it to the country at large including the consumers.

Sir, I support the Bill.

*THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I welcome the measure that the Government has put forward before this House today. I must at the same time say that the measure has been brought in very late and that there are apprehensions that in case it is passed, its application will also be delayed. From what I find in the newspapers, it appears that Sir John Simon, while denouncing the Indo-Japanese Trade Treaty thinks—we at least so infer—that the Government of India will not be able to take action under this Bill if it is passed for another six months. In case I am wrong in this matter, I think the Honourable Mr. Stewart will put me right. So far as this Convention is concerned, the Honourable Mr. Basu quoted the views of Professor Jacob Viner of the Chicago University. I hold, Sir, that when the industries of a country are in a very bad plight and when they are likely to collapse soon and perish, it is right and proper to take immediate action. In case immediate action is not taken, it will be like the physician who has got a specific for the diseases of his patient in his pocket, but does not give him the medicine until the patient dies. Sir, the Honourable Mr. Basu, although he luke-warmly supported the measure, I could see from his speech that he does not see eye to eye with the Government in this measure.

THE HONOURABLE MR. BIJAY KUMAR BASU : I want only to caution the Government. That is all.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Caution the Government or discourage the Government ? However, I might say that notwithstanding the Indo-Japanese Treaty being in force, Professor Jacob Viner in his book on dumping says :

“ Many countries have nevertheless asserted their right to impose additional duties on imports on articles from countries which grant bounties on such articles even though these countries are entitled by treaty to most-favoured-nation treatment and some jurists have conceded the validity of such claim ”.

The following extract from the same book throws interesting light on the attitude of the Government of India on the same question on a previous occasion :

“ It was not until 1899, when India upon the insistence of Joseph Chamberlain, the British Secretary of State for the Colonies, enacted a bounty countervailing provision that the British Government definitely and unqualifiedly committed itself in reply to the Russian protests against the Indian duties to the position that countervailing duties were not in violation of most-favoured-nation obligations ”.

I might also mention that Japan herself, in the presence of the Indo-Japanese Convention, imposed a prohibitive duty on Indian pig iron, but the bulk of which was then being exported to this country and she did not hesitate to wriggle out of the Convention when she prohibited the import of Indian rice two years before, though the import of Siamese rice was allowed at the time. If the favoured nation Convention cannot come in the way of Japan when it suits her motive to do so, I cannot understand how it can impede the Government of India to take similar steps even when they feel, as they must

*Speech not corrected by the Honourable Member.

[Rai Bahadur Lala Ram Saran Das.]

do, the inequity of Japanese competition underselling Indian goods even in Indian markets. Sir, I wish that the Government should find a way out of their difficulties if any difficulty exists in enforcing this Bill immediately in case it is passed, and thus save the Indian industry from disaster. Sir, other countries like Canada, France, Italy, Germany, South Africa, Australia, New Zealand, and the British Isles themselves have passed such measures, and if I am right, they took immediate action. In India, the industries which are at present suffering from this dumping, whether this dumping is exchange dumping or any other dumping which the Honourable Mr. Basu has enunciated, but the fact is there that the goods are being sold below cost price. To prove this, Sir, I will give only one or two instances, in order to save the time of the Council. If we take the case of the strawboard industry, early in 1932 the price of strawboards in India was Rs. 14 per cwt. and now it has come down to Rs. 4 per cwt. If we analyse this price of Rs. 4 per cwt. we find that the duty is Rs. 1-4-0 per cwt. and steamer freight is over Re. 1 per cwt. That leaves Rs. 1-12-0 per cwt. at the selling country's port, which does not mean that the seller receives even that much.

THE HONOURABLE MR. BIJAY KUMAR BASU : What is the price in the country of origin ?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I will give that if you will wait. The rates have been reduced as a result of dumping. High prices were being obtained early in 1932 just before manufacture started in India. The Government is charging a duty of 25 per cent. based on a tariff valuation of Rs. 5 per cwt. Last year this valuation was Rs. 5-4-0 per cwt. and the actual price c. i. f. at which strawboards are now selling is Rs. 2-12-0. That is the rate for Japanese boards, but other countries are also selling them equally cheap ; for instance, Holland strawboards are only 6 annas per cwt. dearer than the Japanese because of the difference in quality. Sir, as far as I know, the cost of production of these boards, which Mr. Basu wants to know, is something like Rs. 5-4-0 per cwt. in India.

THE HONOURABLE MR. BIJAY KUMAR BASU : I wanted to know the cost of these strawboards which you say are dumped here in their own country of origin ?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : When those countries can sell their strawboards at Rs. 1-10-0 per cwt. you can easily perceive that that cannot possibly be the cost of manufacture.

Sir, there are many other industries which are being badly hit—paint, cement, sugar-candy, cotton and woollen textiles, cotton and woollen hosiery, and what not. The Honourable Mr. Suhrawardy while making his observations said that we must also protect the interests of the consumer. Certainly, I agree with him, but to a certain extent. Perhaps my Honourable friend does not know that in other countries, simply for the sake of saving and keeping their industries, they put on as much as 250 per cent. upon foreign imports. In India we have not reached that heavy figure of duty so far. Sir, as soon as this anti-dumping measure appeared in the press we found from the newspapers that the authorities concerned in Japan took a very light view of this legislation and it would appear from the cables that they are devising some means to meet the situation created by this new legislation. For the information of this House I might say that I have reliable information that the

Japanese are even now selling forward deliveries for a few months hence at present prices, with a clause that whether or not there is an additional imposition of duty owing to this new measure they will sell their goods at present prices. This shows, Sir, that Japan any how is bent upon dumping notwithstanding any measures that the Government may adopt. I hope that the Government of India will be firm and will fight all means taken by countries whose ambition and aspiration it is to ruin our industries.

Sir, this Bill will be universally well received all over India. Every Chamber of Commerce, European and Indian, has been pressing for it and a lot of memorials have been sent to the Honourable Commerce Member on the subject. I should like to ask the Honourable Mr. Stewart why the situation in India is so different to that in Japan? I think it is due to the fact that the Government of India has no plans, no policy, and is unable to look ahead. Even when it does look ahead it requires six months' notice to end the Anglo-Japanese Treaty, in which interval its own industries die. When the exchange was raised to 1s. 6d. we immediately gave a protection of 12½ per cent. in duties to foreign imports. The raising of the customs duty to 25 per cent. has merely established the old *status quo*. But now has come a further blow in the depreciation of Japanese currency, and even that cannot be overcome for another six months. Sir, the Honourable Mr. Basu also observed that before Government takes any action it ought to examine the proposals put up by various industries. I understand from that that the Honourable Mr. Basu wants to delay matters further and further. The Indian Tariff Board submitted its report upon the textile industry months ago, but no action was taken on it. If a similar inquiry is ordered in other cases perhaps another 12 months will pass before any action is taken.

THE HONOURABLE MR. BIJAY KUMAR BASU: I am sorry my friend has not followed what I said. I said the Government of India after taking administrative action should put their case before the Indian Tariff Board for a report which should be submitted to the Legislature to enable the Legislature to come to a finding.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: That was always understood from the very beginning. Well, Sir, the only request that I have to make is that in case you want to do justice and in case you mean justice, do not delay justice, because justice delayed is justice lost.

* THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal: Non-Muhammadan): Sir, I rise to support the Bill which I think was long over due. It is common knowledge that various commodities for our every-day use are being dumped into our country by foreign nationalities that are carrying on a roaring business in India on the main ground that their goods can be sold at abnormally cheaper rates than the Indian as well as Empire products. In this respect, first of all, Sir, no better illustration can be given than the keen competition of the Japanese piecegoods with those of our country. It is no denying the fact that Japanese piecegoods of all kinds are being imported and dumped into our country in large quantities. Our mill industry is thus hard hit by the Japanese competition, and the rapid manner in which Japan has captured our piecegoods market shows that our mill industry may be extinct if no prompt and effective action by legislation is taken against Japan by our Government to protect it betimes. It is also known to the Members of this Honourable House, Sir, that enjoying the bounties and subsidies from their own Government, the shipping industry

[Mr. Jagadish Chandra Banerjee.]

of Japan can dump Japanese goods into our country at cheap freight which is an important factor that enables Japan to sell her articles in our country at such low rates. Low wages, employment of women and child labour in the Japanese factories are also a reason why Japan can dump her goods into our country.

The Ottawa Agreement which is a sort of "Hobson's choice" to us, Sir, is of no avail in the matter of the Japanese competition when we find that in spite of the tariff wall, how, owing to depreciated exchanges since England went off the gold standard and India's rupee was linked to sterling, the Japanese can sell their goods in India at a price which is certainly detrimental to our industries. The protective duty has touched but the fringe of the rates of the Japanese piecegoods and has not in the least affected her trade with India. Despite the "Buy Indian" slogan and the "Swadcsi" programme, it is found, Sir, that the mill industries in Bombay, Ahmedabad and Nagpur are not in a flourishing condition. They tell a woeful tale. In my province, Sir, the industry is yet in the making and as such cannot stand the least competition. In view of all these important considerations the proposed Bill which is quite a welcome measure when carried into effect will be able to save our ever-doomed Indian textile industry. I hope such means of safeguarding our textile industry, as proposed by Government, when adopted, will not disturb the existing international trade relations with Japan. On the other hand, it will not only protect our indigenous mill industry from the keen competition of Japan as is evidenced today, but will give it an impetus, a filip and incentive which will be for the good and the better production of the goods of this country.

Then, Sir, there are the Japanese glasswares, toys, matches, hosiery and sugar-candy that have flooded the Indian markets. For the last two named necessities of our lives, we know, Sir, protection has been and is being wanted by the representatives of those two industries against the imports of those two kinds of articles from Japan, because our hosiery and sugar-candy industries cannot thrive in face of the hard competition with Japan. Fuji silk and other kinds of cheap Japanese silk are practically driving away the Indian silk from our markets. Our silk industry has been affected by the imports of Japanese silk of cheaper stuff. Other foreign countries than Japan such as Germany, Czechoslovakia, and even America sell some of their goods at such cheaper rates in India that our indigenous industries which are in an infant stage and which also produce some of the articles that are imported from those foreign countries are in a moribund condition.

In these circumstances, Sir, prompt action on the part of Government is necessary for obvious reasons, to protect indigenous industries against the imports of goods from foreign countries. It is gratifying to observe that Government propose to take such action to meet the situation which is threatening the Indian industries.

In fine, Sir, I should like to impress upon Government to take steps to check profiteering in the country which will be rampant, as it is likely that taking advantage of the Act, the wholesale and retail dealers will increase the prices of the country-made goods. It is no doubt the poor consumers will be exploited by them. But having considered the pros and cons of the Bill when I find that it will in the long run do more good than harm to the country I have no hesitation in supporting it and which I hope will be passed *nem con.*

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, I do not intend, now that it wants only five minutes to one, to detain the House, although the discussion has taken an interesting turn and much could be said about the items that have been argued. My only reason for standing at this late hour is to ask the Government to make a change, not in the letter of the law, but in the procedure. In item 3 it is said that every notification issued shall be placed before both Chambers of the Indian Legislature. May I ask the Government to consider the advisability of leaving it to the non-official Members to decide whether they like the measure or dislike the measure in this House as well as in the Assembly ? I cannot ask the Honourable Member to reply to this point all at once, but I should like to impress upon him the desirability of placing this before the Government Member in charge of this Department and make a convention of asking only the non-official Members whether they like the measure or not, because it concerns a subject on which Indians themselves are interested and on which Government is supposed to have no axe to grind. There is another aspect. Clause 2 which refers to an industry being endangered is too wide. There are partial industries established, and the interests of the consumers who number millions should not be weighed with the interests of a few who may be interested in a particular industry. The industry should be in the nature of a key industry or a widespread industry or something which will make it a national industry in some sense, to qualify for protection. It is all very well, Sir, to ask the Government to impose additional taxation. Government is rather apt to do this, because it incidentally places money in their pocket and if now I wish to sound a note of warning it is not in a spirit of opposition but in order to make it less liable to attack in the future, and make it more in consonance with the public opinion of India. India is essentially an agricultural country and industrial development should be gradual and not at the expense of the masses.

Sir, with these few words, I support the Bill.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA (United Provinces Central : Non-Muhammadan) : Sir, my friend, Mr. Hossain Imam, has already sounded a note of warning. If I intervene in the debate at this hour it is to sound another note of warning to the Government. As far as the Bill is concerned, I do not know at this stage whether it is worth giving our whole-hearted or qualified support. Sir, the Honourable the Commerce Member, while introducing this Bill in the other House, accepted that this measure was hastily conceived and was conferring wide powers on the Government. Now, I want Government to remember that these wide powers may not be abused. There should not be any discrimination when these powers are to be exercised towards any nation. If the object is to protect petty and minor industries of India, they should be protected in the right fashion and no discrimination should be made. Another point that I want to bring to the notice of the Government is this, that foreigners coming from outside India have begun to start industries here just to kill the indigenous industries. There should be protection against that also. If the tariff wall is to be raised they will take further advantage of this. I may illustrate the point from one or two examples. All the companies in India manufacturing matches have been taken over by the Swedish Match Factory and thus this industry cannot be developed under the present circumstances. In the same way the cigarette industry. One or two good factories that were started in India have been taken over by the Imperial Tobacco

[Rai Bahadur Lala Mathura Prasad Mehrotra.]

Company and they now form a part of it. So these are the dangers which I want to bring to the notice of the Government. Then, Sir, again it is rumoured that Japan is also going to start some big factories here, some cotton factories and other factories, just to kill the indigenous industries of India. On that point too I want to draw the attention of the Government to the danger involved. So if the tariff wall is to be raised these points ought to be considered in the interests of the indigenous industries.

THE HONOURABLE KHAN BAHADUR DR. SIR NASARVANJI CHOKSY : Do you propose that excise duties should be levied on the production of these foreign companies ?

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Some such measures should be taken if any real protection is to be given to Indian industries and if India is to be converted into an industrial country.

THE HONOURABLE MR. T. A. STEWART : Sir, I shall not follow Mr. Basu through his essay on dumping and anti-dumping legislation but I can assure him that Government are not unaware of the difficulties and the dangers to which he referred. One of these difficulties and one of these dangers we have avoided by refraining from using the word "dumping" in our Bill. Thereby a matter of interpretation, a very difficult matter, has been avoided. As I said before, we have not been unmindful of the interests of the consumer to which reference has been made by several Honourable Members and, as I pointed out, the provisions of the Act does provide that if the Executive should act to the detriment of consumers the Legislatures will have an early opportunity of setting right their error.

The Honourable Rai Bahadur Lala Ram Saran Das dealt with the question of the Indo-Japanese Trade Convention. He has asked me to confirm, and I do confirm, that the period of denunciation is six months, within which period action cannot be taken. He has also referred to the opinion of Professor Viner that the most favoured nation clause is no bar to action by way of anti-dumping legislation. I do not know how far Professor Viner is an authority but we are advised that it would be a breach of the Treaty were we to act otherwise than we are doing now.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Does that advice come from your legal department in India or from outside India ?

THE HONOURABLE MR. T. A. STEWART : That has been advised both from India and from outside. I think that is the generally accepted interpretation of the most favoured nation treatment.

The Honourable Mr. Suhrawardy put in a plea for Bengal. I can assure him that Bengal will benefit with other industries by this legislation.

The Honourable Mr. Hossain Imam has put to me a question that I think is not one that properly should be answered by me. I am not in a position to dictate the procedure that may be adopted in this House and in another place when the Resolutions to confirm the executive action of Government are put before them.

THE HONOURABLE MR. HOSSAIN IMAM : But will you place this view before the Government ?

THE HONOURABLE MR. T. A. STEWART : I think, Sir, the Leader of the House is here and has heard your remarks. The Honourable Rai Bahadur Lala Mathura Prasad Mehrotra has expressed the fear that behind a new tariff wall there will grow up foreign industries within India. I do not know whether he realises that the legislation now before the House is emergency legislation. It proposes the imposition of emergency duties and if any foreign industry is foolish enough to set up behind a temporary tariff wall it deserves everything that is coming to it.

THE HONOURABLE THE PRESIDENT : The question is :

“ That the Bill to provide for the imposition of additional duties of customs on imported goods for the purpose of safeguarding industries in British India, as passed by the Legislative Assembly, be taken into consideration.”

The motion was adopted.

Clauses 2, 3 and 4 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. T. A. STEWART : Sir, I move :

“ That the Bill, as passed by the Legislative Assembly, be passed. ”

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Sir, I rise to congratulate the Honourable Member in charge of the Bill but as he is not present my friend, Mr. Stewart, will act as his post office and carry my congratulations to him. Sir, as this is practically the last measure of this session, I may voice the feelings of the Members of this House that it is not proper for the Members in charge of Bills to absent themselves from the House when measures with which they are concerned are brought before the House. On former occasions it was said that the Assembly was in session but there was no excuse today.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : May I point out, Sir, that there is an excellent excuse. A Member cannot be present in this House if he is not in Delhi.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : I understand that the Honourable Members in charge are not in Delhi. But, Sir, I would submit that if the Council of State was going to sit today it was one of their duties to be present in Delhi, and to pilot their Bills in this House. It is due to the fact that in this House the Government has got an absolute majority I should say and therefore they do not show that courtesy even to the Members of the House, and if I have risen this time it is only to protest against this practice and to submit that Honourable Members in charge will in future show this much courtesy to the House to be present at least on those days when their Bills are piloted through the House.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : Sir, I think it would be wrong on my part not to point out to the House whether the Government are prepared to accept the code of etiquette that the Honourable Member who has just spoken wants to lay down for the House.

[Khan Bahadur Mian Sir Fazl-i-Husain.]

I am sure the House will agree with me in thinking that on every conceivable occasion where the needs of this House in the matter of debate required, the Members of Government have always made it a point to be present in the House in order to place before the House the case under discussion. I remember very well three of my Honourable Colleagues were here in this House although the other House was in session. But when an Honourable Member of this House wants their presence not because he wants them to place their case before the House but just to have the pleasure of seeing them—

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Because we do not get even that pleasure.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN : Then he ought to have been present when the Honourable Member was in the House some days ago. If he wants to lay down a rule like this just to have the pleasure of seeing Honourable Members, I have no objection—

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Thank you.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN—
to even that whim of his being satisfied provided it is not at public expense. Am I to understand that this House would like Honourable Members to be present here, not because their business requires them, not because the House wants their advice on any point, but simply in order to meet the whim of an occasional Member here or there ? I assure you, Sir, that if I get notice in due time from any Member of this House that this particular whim is going to take possession of him at any particular moment of any particular day, I may take steps to secure his attendance provided the cost to the public is not very great, to see that his whim is satisfied. But on the off chance of one Member developing that whim on any particular day, to expect Members, legislative measures belonging to whose department are going to be before the House, even when there are no amendments, sent in on those measures, is really what one might reasonably call unreasonable. Perhaps I have taken the Honourable Member seriously. Feeling that after a protracted session the time of his going home was near, he was probably feeling in a holiday mood.

THE HONOURABLE THE PRESIDENT : The question is :

“That the Bill to provide for the imposition of additional duties of customs on imported goods for the purpose of safeguarding industries in British India, as passed by the Legislative Assembly, be passed.”

The motion was adopted.

INDIAN TARIFF (AMENDMENT) BILL.

THE HONOURABLE MR. T. A. STEWART (Commerce Secretary) : Sir, I move :

“That the Bill further to amend the Indian Tariff Act, 1894, for a certain purpose, as passed by the Legislative Assembly, be taken into consideration.”

Sir, the object of this amendment to the Tariff Act has been set out with the Bill. It was found that the actual wording of the Tariff admitted to the

concessional rate of Rs. 30 per ton certain sheet made from Indian bar to which the concession was not intended to apply. For this reason, the concession has been restricted by the addition of the date of import into the United Kingdom in item 148A of the Second Schedule.

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. T. A. STEWART : Sir, I move :

“ That the Bill, as passed by the Legislative Assembly, be passed.”

The motion was adopted.

THE HONOURABLE THE PRESIDENT : This concludes the work of this session. I am awfully sorry that Honourable Members' stay has been considerably protracted on this occasion, but Honourable Members are fully aware it was due to circumstances over which the Leader of the House had no control. Before we part I must take this opportunity of thanking all the Honourable Members for the support and co-operation they have extended to me during this, my first session. I am also particularly grateful to the Honourable the Leader of the House for the valuable support which he has so kindly extended to me. I have nothing further to add but to wish you all farewell and a safe and happy journey back to your homes. The Council will now adjourn *sine die*.

The Council then adjourned *sine die*.

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